TAB 20

1
2 COURT FILE NUMBER 1501-07813
3 COURT COURT OF QUEEN'S BENCH OF ALBERTA
4 JUDICIAL CENTRE CALGARY
5 PLAINTIFFS FRONTFOUR CAPITAL CORP.
FRONTFOUR CAPITAL GROUP LLC
6
DEFENDANT LIGHTSTREAM RESOURCES LTD.
7
8
9 COURT FILE NUMBER 1501-08782
10 COURT COURT OF QUEEN'S BENCH OF ALBERTA
11 JUDICIAL CENTRE CALGARY
12 PLAINTIFF MUDRICK CAPITAL MANAGEMENT, LP
13 DEFENDANT LIGHTSTREAM RESOURCES LTD.
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16 DOCUMENT Transcript of Oral Questioning of
17 PETER DAVID SCOTT
18 HELD AT Norton Rose Fulbright Canada LLP
19 Calgary, Alberta
20
21 DATE March 9, 2016
22
23

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27

1 A. Correct.
2 Q. And I'm going to refer to them as "Apollo" from time to
3 time. Okay?
4 A. Yep.
5 Q. And also Blackstone or Blackstone Debt Funds or GSO
6 Capital Partners LP, and I'm going to refer to them
7 simply as "Blackstone."
8 A. Okay.
9 Q. Okay. And would you agree, sir, that the ability to
10 participate in the second lien document was not offered
11 to FrontFour, Mudrick, nor any other holders of your
12 unsecured notes other than Apollo and Blackstone?
13 A. At the time we entered into the document, that was
14 correct.
15 Q. Have you since offered FrontFour or Mudrick the
16 opportunity to participate pro rata in the second lien
17 financing?
18 A. Under the terms of that document, we had the ability to
19 do some additional exchanges, which they would have had
20 the opportunity to participate in, if they chose.
21 Q. Okay. And when did these additional exchanges occur?
22 A. The additional exchanges occurred -- I believe they
23 were finalized in early August of 2015.
24 Q. And who were they with?
25 A. Three other counterparties.
26 Q. That were holders of the unsecured notes?
27 A. Correct, they exchanged them.

1 Q. On the same terms, 85 cents to participate in the
2 second lien?
3 A. No.
4 Q. Okay. What was the terms of the August, 2015 exchange
5 then?
6 A. I think they exchanged them in aggregate at about
7 67 1/2 percent.
8 Q. And perhaps your counsel can help me with this, if you
9 could remind me. Are there any documents with respect
10 to that second exchange included in your production?
11 A. Sorry, I'm -- I don't know.
12 Q. Okay. How were the three noteholders who participated
13 in the second exchange in August of 2015 selected?
14 A. They were asked to contact our agent that was handling
15 a potential follow-on exchange and to submit their
16 interest to that agent, and then we selected them based
17 on the volume and price that they were willing to
18 exchange at.
19 Q. Okay. And what was the volume that were involved in
20 the second exchange at 67 1/2 percent?
21 A. Roughly 81 million U.S. a face amount for roughly
22 55 million of notes -- of second lien notes.
23 Q. Okay. So roughly 81 million at 67 1/2 percent; is that
24 right?
25 A. Correct.
26 Q. And then these parties became pro rata with Apollo and
27 Blackstone under the second lien document?

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14 **UNDERTAKING NO. 1 - To provide documents**
15 **with respect to the second August, 2015**
16 **exchange, including any written**
17 **communication between RBC and Mr. Scott,**
18 **the agreements that concluded this**
19 **between the parties, the amount, and any**
20 **communication between RBC and any**
21 **noteholder with respect to the**
22 **opportunity to participate in a second**
23 **tranche of a second lien financing -**
24 **Taken Under Advisement**
25 Q. MR. GORMAN: Now, sir, my understanding, and
26 I'm not looking for a precise number, I just want to be
27 fair to you with respect to various timelines, is at

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$17,617,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$17,617,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $17,617,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of a combination of (i) the amount of cash consideration and (ii) the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**), each as specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against (a) the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing by such Purchaser and (b) the irrevocable release of a wire transfer of immediately available funds in the amount specified opposite such Purchaser's name in Schedule A as being payable at the Closing by such Purchaser.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

Wire transfers of immediately available funds for the account of the Company shall be delivered pursuant to instructions to be provided by the Company to the Purchasers prior to the Closing Date.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such

Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor

may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its

subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing

notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be, registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The

Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union

representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person,

or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "Reserves Report"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to each Purchaser, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of such Purchaser's 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on such Purchaser's 8.625% Notes, through but excluding the Closing Date. The Securities (i) will be issued under the same CUSIP number as the Company's 9.875% Second Priority Senior Secured Notes due 2019 issued under the Indenture on July 2, 2015, and (ii) the Company confirms that interest payable on the Notes to the Purchasers will be paid at the times and in the amounts as though the Securities were issued to the Purchasers on July 2, 2015.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD,

> PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number, if any.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion

thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation

and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. The Company and each of the Guarantors irrevocably appoints Corporation Service Company ("**CSC**"), 1180 Avenue of the Americas, Suite 210, New York, NY 10036-8401, as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to CSC shall be effective service of process upon the Company or the Guarantors, as applicable, for any Related Proceeding brought in any Specified Court. Each of the Purchasers not located in the United States irrevocably appoints Brookfield Investment Management Inc. (the "**Agent for Service**"), Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281-1023, Attention: General Counsel, as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to the Agent for Service shall be effective service of process upon the applicable Purchaser(s) for any Related Proceeding brought in any Specified Court. In the event that CSC or the Agent for Service is liquidated, wound up, merged into another entity or otherwise unable or unwilling to continue to act as agent to receive service process or other legal summons as contemplated by this paragraph, then the Company and the Guarantors or the Purchasers, as applicable, shall promptly appoint a new agent for such purpose and promptly provide to the other parties to the Agreement written notice of the name, address, telephone number and facsimile number of such new agent.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto

agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: ______________________
Name:
Title:

1863359 ALBERTA LTD.

By: ______________________
Name:
Title:

1863360 ALBERTA LTD.

By: ______________________
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

BROOKFIELD SELECT OPPORTUNITIES INCOME FUND
BY: BROOKFIELD INVESTMENT MANAGEMENT (CANADA) INC., AS INVESTMENT MANAGER

By:
Name: Gail Cecil
Title: Managing Director

NEW HORIZONS MASTER FUND
BY: BROOKFIELD INVESTMENT MANAGEMENT (CANADA) INC., AS INVESTMENT MANAGER

By:
Name: Gail Cecil
Title: Managing Director

BROOKFIELD STRATEGIC INCOME FUND
BY: BROOKFIELD INVESTMENT MANAGEMENT (CANADA) INC., AS INVESTMENT MANAGER

By:
Name: Gail Cecil
Title: Managing Director

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)	CASH CONSIDERATION TO BE PAID AT CLOSING (IN US$)
BROOKFIELD SELECT OPPORTUNITIES INCOME FUND c/o Brookfield Investment Management (Canada) Inc., Brookfield Place, 181 Bay Street, Suite 300, Toronto, ON, M5J 2T3, Canada	$8,515,000.00	$12,709,000.00	$65,578.19
NEW HORIZONS MASTER FUND c/o Brookfield Investment Management (Canada) Inc., Brookfield Place, 181 Bay Street, Suite 300, Toronto, ON, M5J 2T3, Canada	$7,863,000.00	$11,736,000.00	$60,464.42
BROOKFIELD STRATEGIC INCOME FUND c/o Brookfield Investment Management (Canada) Inc., Brookfield Place, 181 Bay Street, Suite 300, Toronto, ON, M5J 2T3, Canada	$1,239,000.00	$ 1,850,000.00	$9,045.97

Payments

All payments by wire or intrabank transfer of immediately available funds for the benefit of the Purchasers shall be delivered by the Company pursuant to instructions to be provided by the Purchasers to the Company no less than 24 hours prior to such payment.

Notices

All notices of payments and any other communications or deliveries should be sent to the applicable Purchaser:

c/o Brookfield Investment Management (Canada) Inc.
Attn: Gail Cecil
Brookfield Place

181 Bay Street, Suite 300
Toronto, ON M5J 2T3
Canada
gcecil@brookfield.com

with a copy sent electronically to:

Brookfield Investment Management Inc.
Attn: General Counsel
Brookfield Place
250 Vesey Street, 15th Floor
New York, New York 10281-1023
BIMLegal@brookfield.com

and an additional copy sent electronically to:

Brookfield Investment Management Inc.
Attn: Fixed Income Operations
Brookfield Place
250 Vesey Street, 15th Floor
New York, New York 10281-1023
BIMTeamNewYork-CorpActions@brookfield.com

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$33,404,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$33,404,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $33,404,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "**Reserves Report**"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: ______________________
Name:
Title:

1863359 ALBERTA LTD.

By: ______________________
Name:
Title:

1863360 ALBERTA LTD.

By: ______________________
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

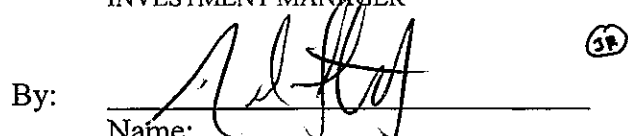
By: ______________________
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

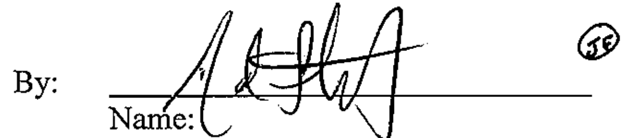
This Agreement is hereby accepted and agreed to as of the date thereof.

SILVER POINT CAPITAL FUND, L.P.
BY: SILVER POINT CAPITAL, L.P., ITS INVESTMENT MANAGER



By: ______________________________
Name:
Title:
David Steinmetz
Authorized Signatory

SILVER POINT CAPITAL OFFSHORE MASTER FUND, L.P.
BY: SILVER POINT CAPITAL, L.P., ITS INVESTMENT MANAGER



By: ______________________________
Name:
Title:
David Steinmetz
Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
Silver Point Capital Fund, L.P. c/o Silver Point Capital Two Greenwich Plaza Greenwich, CT 06830	$13,028,000	$19,081,000
Silver Point Capital Offshore Master Fund, L.P. c/o Silver Point Capital Two Greenwich Plaza Greenwich, CT 06830	$20,376,000	$29,845,000

Notices

All notices of payments and any other communications or deliveries:

Silver Point Capital Fund, L.P.
Silver Point Capital Offshore Master Fund, L.P.
c/o Silver Point Capital
Two Greenwich Plaza
Greenwich, CT 06830
Attention: General Counsel
Telephone: (203) 542-4230

with a copy sent electronically to:

Silver Point Capital Fund, L.P.
Silver Point Capital Offshore Master Fund, L.P.
c/o Silver Point Capital
Two Greenwich Plaza
Greenwich, CT 06830
Attention:
Jeff Forlizzi, jforlizzi@silverpointcapital.com
Jason Prager, jprager@silverpointcapital.com

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$564,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$564,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $564,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "Reserves Report"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: ____________________
Name:
Title:

1863359 ALBERTA LTD.

By: ____________________
Name:
Title:

1863360 ALBERTA LTD.

By: ____________________
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ____________________
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ____________________
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

WL ROSS & CO. LLC

By: ______________________________
Name: Michael J. Gibbons
Title: Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
Marquette Companies, LLC 60 South Sixth Street, Suite 3900 Minneapolis, MN 55402	564,000	875,000

Notices

All notices of payments and any other communications or deliveries:

Marquette Companies, LLC
c/o WL Ross & Co. LLC
1166 Avenue of the Americas, 25th Fl.
New York, NY 10036

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$3,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$3,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $3,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "Reserves Report"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: ______________________
Name:
Title:

1863359 ALBERTA LTD.

By: ______________________
Name:
Title:

1863360 ALBERTA LTD.

By: ______________________
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

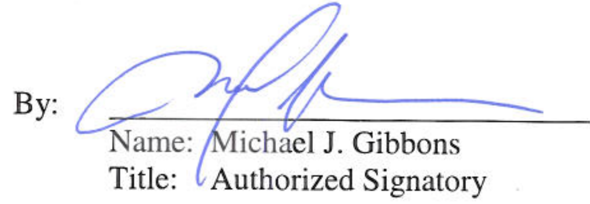
By: ______________________
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

INVESCO WLR V ASSOCIATES LLC

By: 

Name: Michael J. Gibbons
Title: Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
WLR V Parallel ESC, L.P. 1166 Avenue of the Americas, 25th Floor New York, NY 10036	3,000	5,000

Notices

All notices of payments and any other communications or deliveries:

WLR V Parallel ESC, L.P.
c/o WL Ross & Co. LLC
1166 Avenue of the Americas, 25th Fl.
New York, NY 10036

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$336,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$336,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $336,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "Reserves Report"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: ______________________
Name:
Title:

1863359 ALBERTA LTD.

By: ______________________
Name:
Title:

1863360 ALBERTA LTD.

By: ______________________
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

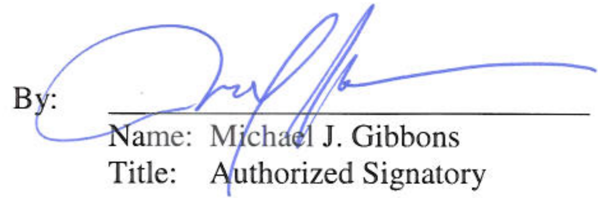
By: ______________________
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

WL ROSS & CO. LLC

By: 
Name: Michael J. Gibbons
Title: Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
Pepperdine University 24255 Pacific Coast Highway Malibu, CA 90263	336,000	521,000

Notices

All notices of payments and any other communications or deliveries:

Pepperdine University
c/o WL Ross & Co. LLC
1166 Avenue of the Americas, 25th Fl.
New York, NY 10036

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$592,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$592,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $592,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "**Reserves Report**"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: [signature]
Name:
Title:

1863359 ALBERTA LTD.

By: [signature]
Name:
Title:

1863360 ALBERTA LTD.

By: [signature]
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

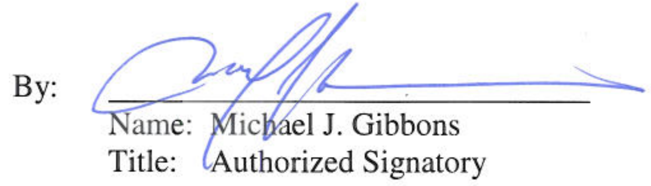
By: [signature]
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: [signature]
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

WLR RECOVERY ASSOCIATES V LLC

By: 

Name: Michael J. Gibbons
Title: Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
WLR Recovery Fund V, L.P. 1166 Avenue of the Americas, 25th Floor New York, NY 10036	$592,000	$919,000

Notices

All notices of payments and any other communications or deliveries:

WLR Recovery Fund V, L.P.
c/o WL Ross & Co. LLC
1166 Avenue of the Americas, 25th Fl.
New York, NY 10036

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$596,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$596,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $596,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "Reserves Report"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby (“**Related Proceedings**”) may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: [signature]
Name:
Title:

1863359 ALBERTA LTD.

By: [signature]
Name:
Title:

1863360 ALBERTA LTD.

By: [signature]
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD.,
ITS MANAGING PARTNER

By: [signature]
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD.,
ITS MANAGING PARTNER

By: [signature]
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

WL Ross & Co. LLC

By: ________________________________
Name: Michael J. Gibbons
Title: Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
University of Minnesota Foundation 45 South Seventh Street, Suite 2650 Minneapolis, MN 55402	596,000	925,000

Notices

All notices of payments and any other communications or deliveries:

University of Minnesota Foundation
c/o WL Ross & Co. LLC
1166 Avenue of the Americas, 25th Fl.
New York, NY 10036

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.

EXECUTION VERSION

LIGHTSTREAM RESOURCES LTD.

$1,638,000 of 9.875% Second Priority Senior Secured Notes due 2019

NOTE PURCHASE AND EXCHANGE AGREEMENT

Dated August 4, 2015

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SCHEDULE A – INFORMATION RELATING TO PURCHASERS
SCHEDULE B – LIST OF SUBSIDIARIES

Lightstream Resources Ltd.

2800, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

$1,638,000 of 9.875% Second Priority Senior Secured Notes due 2019

August 4, 2015

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Lightstream Resources Ltd., an Alberta corporation (the **"Company"**), and the Guarantors (as defined below) each agree with each of the purchasers whose name appears on the signature pages hereto and who beneficially owns, or is the adviser or sub-adviser to, or manager of, one or more funds or accounts appearing on Schedule A hereto (each such purchaser, fund or account, a **"Purchaser"** and collectively the **"Purchasers"**) as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale to the Purchasers of $1,639,000 aggregate principal amount of its 9.875% Second Priority Senior Secured Notes due 2019 (the **"Notes"**). The Notes shall be issued pursuant to an indenture to be dated as of July 2, 2015 (the "**Indenture**"), among the Company, the Guarantors (as defined below), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the **"Canadian Trustee"**) and Computershare Trust Company of Canada, as collateral agent. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. References to a "Section" are references to a Section of this Agreement unless otherwise specified. Currency amounts referenced in this Agreement are references to United States dollars.

The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a second priority senior secured basis, jointly and severally, by (i) the entities listed on the signature pages of the Indenture as "Guarantors" and (ii) any subsidiary of the Company formed or acquired after the Closing Date (as defined below) that becomes a guarantor in accordance with the terms of the Indenture, and their respective successors and assigns (collectively, the "**Guarantors**"), pursuant to their guarantees (the "**Guarantees**"). The Notes and the Guarantees are herein collectively referred to as the "**Securities**". The Securities shall be secured by debentures entered into by the Company and each Guarantor in favor of the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent (the "**Security Documents**").

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in Schedule A and as further specified in Section 3, at the purchase price of 100% of the principal amount thereof, and the associated Guarantees. The consideration for the purchase of Securities by a particular Purchaser at the Closing will consist of the principal amount of the Company's existing 8.625% Senior Notes due 2020 (the **"8.625% Notes"**) specified opposite such Purchaser's name in Schedule A.

The Purchasers' obligations hereunder are several and not joint and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

In this Agreement, the term **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an **"entity"**) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

Securities will be issued only in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company (the "**Depositary**").

3. CLOSING.

The sale and purchase of the Securities to be purchased by each Purchaser shall occur at a closing (the **"Closing"**), which shall be held at the offices of Blake, Cassels & Graydon LLP, 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada, at 7:00 A.M., Calgary, Alberta time, on August 4, 2015 or on any other Business Day (as defined below) thereafter as may be agreed upon by the Company and the Purchasers (the **"Closing Date"**). At the Closing, the Company shall deliver, or cause to be delivered, to the Depositary or its custodian a global certificate representing the aggregate principal amount of Securities to be issued to the Purchasers at the Closing, as set forth in Schedule A, against the irrevocable delivery to the Trustee, through a book-entry transfer in accordance with the applicable procedures of the Depositary, for cancellation, such principal amount of 8.625% Notes specified opposite such Purchaser's name in Schedule A as being deliverable at the Closing.

The global certificates for the Securities shall be registered in the name of Cede & Co., as nominee of the Depositary. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Purchasers.

In this Agreement, **"Business Day"** means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Calgary, Alberta, Canada are required or authorized to be closed.

If at the Closing the Company shall fail to issue and deliver the Securities required to be delivered at the Closing to a Purchaser as provided in this Section 3, or if any of the conditions

specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Securities to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company and the Guarantors in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of the chief financial officer, principal accounting officer, vice president finance, treasurer or comptroller of the Company (each, a **"Senior Financial Officer"**) or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate (an **"Officer's Certificate"**), dated the Closing Date, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

(b) Officer's Certificate. The Company shall have delivered to such Purchaser a certificate of an officer or other appropriate Person, dated the Closing Date, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Indenture, the Notes and this Agreement, and (ii) the Company's organizational documents as then in effect.

4.4. Purchase Permitted By Applicable Law, Etc.

On the Closing Date, such Purchaser's purchase of the Securities to be purchased at the Closing shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, (b) not violate any applicable law or regulation (including Section 5 of the Securities Act of 1933, as amended (the **"Securities Act"**) or, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such

Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall issue and sell to each other Purchaser, and each other Purchaser shall purchase, the Securities to be purchased by it at the Closing, as specified in Schedule A.

4.6. Indenture and Securities.

The Purchaser shall have received an executed copy of the Indenture and the Security Documents. The Company and the Guarantors shall have executed, issued and delivered the Securities to be issued at the Closing, substantially in the form included as an exhibit to the Indenture, which Securities shall have been authenticated by the Trustee.

4.7. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such fully executed counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

Each of the Company and the Guarantors, jointly and severally, hereby represents, warrants and covenants to each Purchaser that, as of the date hereof and as of the Closing Date:

(a) **No Registration Required.** Subject to compliance by the Purchasers with the representations and warranties set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify, by prospectus or otherwise, the distribution of the Securities under the Canadian federal or provincial securities laws, any regulations thereunder, or any applicable published rules, policy statements, blanket orders, instruments or notices of the applicable securities regulatory authorities in such provinces (collectively, "**Canadian Securities Laws**") or to qualify the Indenture under the *Business Corporations Act* (Alberta) or the Trust Indenture Act of 1939 (the "**Trust Indenture Act**," which term, as used herein, includes the rules and regulations of the Securities and Exchange Commission (the **"Commission"**) promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 405 under the Securities Act) (each, an "**Affiliate**"), or any Person acting on its or any of their behalf has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, or has sold or will sell, any security of the

Company in a manner that would be integrated with the offer and sale of the Securities and would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. None of the Company, its Affiliates, or any Person acting on its or any of their behalf has taken, or will take, any action that would cause the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof to be unavailable for the offer and sale of the Securities pursuant to this Agreement.

(c) **No Solicitation in Canada.** None of the Company, its Affiliates, or any Person acting on its or any of their behalf has, directly or indirectly, undertaken any acts in furtherance of a trade or made offers or sales of any security, or solicited offers to buy any security, under circumstances that would require the distribution of the Securities in any Canadian province or territory to be qualified by a prospectus filed in accordance with the Canadian Securities Laws.

(d) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A under the Securities Act (**"Rule 144A"**) and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system (as such term is used under the Securities Act for purposes of Rule 144A).

(e) **The Note Purchase and Exchange Agreement.** This Agreement has been duly authorized and validly executed and delivered by the Company and the Guarantors.

(f) **Authorization of the Notes and the Guarantees.** The Notes to be purchased by the Purchasers from the Company will, on the Closing Date, be in the form contemplated by the Indenture, have been duly authorized for issuance and sale pursuant to this Agreement and the Indenture and, at the Closing Date, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will be "Initial Additional Notes" within the meaning of such term in the Indenture, and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Guarantees, when issued on the Closing Date, will be in the forms contemplated by the Indenture and have been duly authorized for issuance pursuant to this Agreement and the Indenture; the Guarantees, at the Closing Date, will have been duly executed by each of the Guarantors and, when the Notes have been authenticated in the manner provided for in the Indenture and issued and delivered against payment of the

purchase price therefor, the Guarantees will constitute valid and binding agreements of the Guarantors, enforceable against the Guarantors in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(g) **Authorization of the Security Documents.** The Security Documents have been duly executed and delivered by the Company and the Guarantors and constitute valid and binding agreements of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought.

(h) **Authorization of the Indenture.** The Indenture has been duly authorized, executed and delivered by the Company and the Guarantors and constitutes a legal, valid and binding agreement of the Company and the Guarantors, enforceable against each of the Company and the Guarantors in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (whether applied by a court of law or equity) and the discretion of the court before which any proceeding therefor may be brought. The Indenture and the issuance of the Securities thereunder complies with all applicable provisions of the Canadian Securities Laws, the Securities Act and the Trust Indenture Act, and no registration, filing, qualification or recording of the Indenture under the Canadian Securities Laws, the Securities Act or the Trust Indenture Act is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(i) **Authorization under the Business Corporations Act.** The issuance of the Securities under the Indenture complies with the provisions of the *Business Corporations Act* (Alberta); and, no registration, filing or recording of the Indenture under the laws of the Province of Alberta or the federal laws of Canada applicable therein is necessary in order to preserve or protect the validity or enforceability of the Indenture or the Securities issued thereunder.

(j) **No Material Adverse Change.** Except as otherwise disclosed in writing to the Purchasers, subsequent to the respective dates as of which information has been publicly disclosed by the Company in its public filings on the System for Electronic Document Analysis and Retrieval (**"SEDAR"**) administered by the Canadian Securities Administrators and except as otherwise disclosed in such filings: (i) there has been no material adverse change, or any development that could reasonably be expected to result

in a material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change is called a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company to its shareholders.

(k) **Independent Accountants.** Deloitte & Touche LLP, the Company's external auditor, is an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the rules of the Public Company Accounting Oversight Board, and any non-audit services provided by Deloitte & Touche LLP to the Company have been approved by the Audit Committee of the Board of Directors of the Company in accordance with applicable law. There has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators ("**NI 51-102**")) between Deloitte & Touche LLP and the Company.

(l) **Preparation of the Financial Statements.** The financial statements of the Company and its subsidiaries, together with the related schedules and notes, for the fiscal year ended December 31, 2014 and the quarterly period ended March 31, 2015, in each case that have been filed on SEDAR, present fairly in all material respects the consolidated financial position of the entities to which they relate as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applicable to publicly accountable enterprises, approved by the Canadian Institute of Chartered Accountants ("**Canadian GAAP**"), which include International Financial Reporting Standards as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(m) **Incorporation and Good Standing of the Company and its Subsidiaries.** Each of the Company and its subsidiaries has been duly amalgamated, incorporated or formed, as applicable, and is validly existing as a corporation or partnership, as applicable, in good standing under the laws of the jurisdiction of its incorporation, amalgamation or formation, as applicable, and has corporate or partnership, as applicable, power and authority to own, lease and operate its properties and to conduct its business as currently conducted and, in the case of the Company and the Guarantors, to enter into and perform its obligations under each of the Transaction Documents (as defined below) to which it is a party. The Company and each of its subsidiaries is duly qualified or registered as a foreign corporation or other business entity, as applicable, to transact business and is in good standing or equivalent status in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. All of the issued

and outstanding capital stock or other ownership interest of each subsidiary has been duly authorized and validly issued, is, if applicable, fully paid and non-assessable and is owned by the Company as described in Schedule B, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, except as disclosed in writing to the Purchasers. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Schedule B hereto. In this Agreement, the term **"Transaction Documents"** means this Agreement, the Indenture, the Security Documents and the Securities.

(n) **Non-Contravention of Existing Indebtedness; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is (i) in violation of its articles, bylaws, partnership agreement or other constitutive document or (ii) in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, except such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The execution, delivery and performance of the Transaction Documents by the Company and the Guarantors party thereto, and the issuance and delivery of the Securities, and consummation of the transactions contemplated hereby and thereby (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the articles, bylaws, partnership agreement or other constitutive document of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party (other than consents already obtained) to, any existing indebtedness of the Company or any Guarantor, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) assuming compliance by the Purchasers of their obligations hereunder, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any subsidiary, except such violations as would not, individually or in the aggregate, result in a Material Adverse Change. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency is required for the execution, delivery and performance of the Transaction Documents by the Company and the Guarantors to the extent a party thereto, or the issuance and delivery of the Securities, or consummation of the transactions contemplated hereby and thereby, except (x) such as have been obtained or made by the Company and are in full force and effect under the Securities Act, applicable U.S. state securities laws or the Canadian Securities Laws and (y) customary post-closing notifications and filings pursuant to applicable U.S. state securities laws and Canadian Securities Laws. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any Person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(o) **No Material Actions or Proceedings.** Except as otherwise disclosed in writing to the Purchasers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against or affecting the Company or any of its subsidiaries or (ii) which has as the subject thereof any property owned or leased by, the Company or any of its subsidiaries that, if determined adversely to the Company or such subsidiary, would reasonably be expected to result in a Material Adverse Change or to adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(p) **All Necessary Permits, etc.** The Company and each subsidiary possess such valid and current certificates, licenses, permits, approvals, consents, registrations and other authorizations (collectively, "**Permits**") issued by the appropriate state, federal, provincial or foreign regulatory agencies or bodies necessary to own, lease and operate its properties and to conduct their respective businesses, except as would not, individually or in the aggregate, result in a Material Adverse Change, and neither the Company nor any subsidiary has received any notice of any investigations, regulatory enforcement actions or proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Change.

(q) **Title to Properties.** Except as disclosed to the Purchasers in writing, the Company and each of its subsidiaries has (i) legal, valid and defensible title to the interests in the oil and natural gas properties described in its Annual Information Form for the year ended December 31, 2014 filed on SEDAR and (ii) good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 5(l) hereof, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except for Permitted Liens (as defined in the Indenture) and except as would not reasonably be expected to materially and adversely affect the value of such property and except as do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and except as to minor defects of title which in the aggregate would not reasonably be expected to result in a Material Adverse Change. The real property, improvements, equipment and personal property held under lease by the Company or any subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(r) **Company and Guarantors Not "Investment Companies".** The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "**Investment Company Act**," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder). Neither the Company nor any Guarantor is, or after receipt of payment for the Securities will be,

registered or required to be registered as an "investment company" within the meaning of the Investment Company Act.

(s) **Insurance**. Each of the Company and its subsidiaries are insured by recognized, financially sound institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses.

(t) **Solvency.** The Company and each Guarantor is, and immediately after the Closing Date will be, Solvent. As used herein, the term "**Solvent**" means, with respect to any Person on a particular date, that on such date (i) the fair market value of the assets of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (ii) the present fair salable value of the assets of such Person is greater than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (iv) such Person does not have unreasonably small capital, (v) the Person is not bankrupt, (vi) the Person is able to meet its obligations as they generally become due, (vii) the Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (viii) the aggregate of such Person's property is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due. Immediately after giving effect to the offering and sale of the Securities and the application of the proceeds thereof, neither the Company nor any Guarantor is aware of any reason why it would be inappropriate to consider the Company as a going concern.

(u) **Company's Accounting System.** The Company and its subsidiaries maintain a system of accounting controls that is sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP, and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) **Disclosure Controls and Procedures.** The Company maintains a system of internal control over financial reporting that complies in all material respects with the requirements of the Canadian Securities Laws, designed by the Company's Chief Executive Officer and Chief Financial Officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company is not aware of any material weaknesses in its internal control over financial reporting. The Company has established and maintains such controls or other procedures designed to provide reasonable assurance that information required to be disclosed by the Company, including its consolidated subsidiaries, in its annual, interim or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed,

summarized and reported within the time periods specified in Canadian Securities Laws and such controls and other procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company, including its subsidiaries, in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as applicable, as appropriate to allow timely decisions regarding required disclosure.

(w) **Compliance with and Liability Under Environmental Laws.** Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change, each of the Company and its subsidiaries and their respective operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws (as defined below).

For purposes of this Agreement, "**Environment**" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna. "**Environmental Law**" means the common law and all applicable U.S., Canadian and, if applicable, foreign federal, state, provincial and local laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern. "**Materials of Environmental Concern**" means any substance, material, pollutant, contaminant, chemical, waste, compound, or constituent, in any form, including without limitation, petroleum and petroleum products that is or becomes regulated or controlled by or under any Environmental Law, that can give rise to liability under any Environmental Law or that is or becomes classified as hazardous, toxic or dangerous under any Environmental Law. "**Release**" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from, under or through any building, structure or facility.

(x) **Compliance with Labor Laws.** Except as would not, individually or in the aggregate, result in a Material Adverse Change, (i) there is (A) no unfair labor practice complaint pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries before any of the Canadian federal or provincial labor relations boards, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the best of the Company's knowledge, threatened, against the Company or any of its subsidiaries, (B) no strike, labor dispute, slowdown or stoppage pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation question existing with respect to the employees of the Company or any of its subsidiaries and, to the best of the Company's knowledge, no union organizing activities taking place and (ii) to the best of the Company's knowledge, there has been no violation of any U.S. or Canadian federal, state, provincial or local law relating to

discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws.

(y) **No Unlawful Contributions or Other Payments.** Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder ("**FCPA**"), or the *Corruption of Foreign Public Officials Act* (Canada) (the "**CFPOA**") including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or the CFPOA, and the Company, its subsidiaries and, to the knowledge of the Company, its Affiliates have conducted their businesses in compliance with the FCPA and the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(z) **No Conflict with Money Laundering Laws.** The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(aa) **No Conflict with Sanctions Laws.** None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or representative of the Company or any of its subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union, Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(bb) **Reserves Report.** Neither the Company nor the Guarantors have any reason to believe that the independent reserve report of Sproule Associates Limited ("**Sproule**"), dated February 25, 2015, with an effective date of December 31, 2014 (the "Reserves Report"), upon which the Company based its statement of reserves data furnished pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities,* evaluating, collectively, all of the Company's reserves of light, medium and heavy oil, natural gas liquids and natural gas and the net present value of future net production revenues attributable to the properties of the Company and its subsidiaries as of December 31, 2014, did not, as of the effective date of such report, reasonably present in all material respects such reserves and net present value information, given the information available at the time such reserves data was prepared and the assumptions as to commodity prices and costs contained therein. Other than the production of reserves in the ordinary course of business, any changes in the level of capital investment, any impact of changes in commodity prices, in each case which may or may not be material, and other than as disclosed in writing to the Purchasers, neither the Company nor the Guarantors have any knowledge of a material adverse change in the production, costs, prices, reserves, estimates of future net production revenues or other relevant information relative to the information in the Reserves Report. The Company and the Guarantors made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing such reports, all information requested by Sproule, which information was true and correct in all material respects on the dates such information was provided, and such information was supplied and was prepared in accordance with customary industry practices.

(cc) **Reporting Issuer.** The Company is a reporting issuer or equivalent thereof under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to the continuous disclosure reporting requirements of NI 51-102. The Company files its disclosure documents with the applicable securities commissions or securities regulators on SEDAR. The Company is not in default of any applicable requirements of Canadian Securities Laws. To the best knowledge of the Company, no document filed by it pursuant to Canadian Securities Laws is the subject of any current review or inquiry by any Canadian securities commission or securities regulator.

(dd) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15 of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information satisfying the requirements of Rule 144A(d)(4) under the Securities Act (for so long as the delivery of such information is required in order to permit resales of the Securities pursuant to Rule 144A).

(ee) **Payment of Taxes**. The Company and each Guarantor has filed all tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, except, in either case, to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

For the purposes of this Agreement, "**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any installments in respect thereof.

(ff) **Remittances**. All of the remittances required to be made by the Company and any Guarantor to the applicable federal, provincial or municipal governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Change.

(gg) **Non-Residents**. None of the Company or any Guarantor is a non-resident of Canada as defined by the Income Tax Act (Canada).

(hh) **Canadian Pension Plan.** None of the Company or any Guarantor maintains, administers, contributes to or has any liability in respect of any Canadian Pension Plan. For the purposes hereof, "**Canadian Pension Plan**" shall mean any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, the Company or any Guarantor in respect of any Person's employment in Canada with the Company or any Guarantor including, without limitation, any such pension plan which contains a "defined benefit provision" (as defined in subsection 147.1(1) of the *Income Tax Act* (Canada)).

(ii) **Payment of Accrued Interest.** The Company agrees to pay to the Purchasers, within three Business Days following the Closing Date, in the manner required by the indenture governing the 8.625% Notes, the amount of accrued and unpaid interest in respect of the Purchasers' 8.625% Notes delivered for cancellation at the Closing, from and including the date interest was last paid on the 8.625% Notes, through but excluding the Closing Date.

6. REPRESENTATIONS AND COVENANTS OF THE PURCHASERS.

6.1. Purchase for Investment.

(a) Each Purchaser severally represents that it is purchasing the Securities for its own account or for one or more separate accounts maintained by such Purchaser, for investment purposes only, and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or accounts' property shall at all times be within such Purchaser's or accounts' discretion.

(b) Each Purchaser understands that (i) the distribution of the Securities has not been qualified by a prospectus under Canadian Securities Laws and may be transferred or resold (including by pledge or hypothecation) in Canada only in compliance with applicable Canadian Securities Laws, and that the Company is not required to qualify their distribution in Canada and (ii) the Securities have not been and will not be registered under the Securities Act or any state securities or **"blue sky"** laws, and may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except in transactions exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities or "blue sky" laws.

(c) Each Purchaser has been advised to consult its own legal advisors with respect to applicable resale restrictions and it will comply with all applicable securities legislation concerning any resale of the Securities. Each Purchaser severally represents that it is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities (including those issued by other Persons); and it (or, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is able to bear the economic risk of its investment in the Notes and is presently able to afford the complete loss of such investment; it (and, if it is purchasing for a managed account, such account on behalf of which such Purchaser is acting) is an **"accredited investor"** as such term is defined in National Instrument 45-106 of the Canadian Securities Administrators or Section 73.3 of the Securities Act (Ontario), as applicable, and an **institutional "accredited investor"** within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, and the Purchaser acknowledges it has been afforded the opportunity to ask questions and to received answers from representatives of the Company, and has otherwise had access to information about the Company and its subsidiaries and their financial condition and business, sufficient to enable it to evaluate its investment in the Securities.

(d) Each Purchaser acknowledges that the Securities shall bear a legend substantially in the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND HAS NOT BEEN QUALIFIED UNDER ANY APPLICABLE CANADIAN SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS, CANADIAN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM. UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER ISSUANCE].

6.2. Tax Identification Number.

Each Purchaser shall, upon request made by the Company, promptly provide to the Company its United States federal tax identification number.

7. TRANSACTION EXPENSES.

Each of the Company and the Guarantors agrees, jointly and severally, to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation, (i) all expenses incident to the issuance and delivery of the Securities (including all printing and engraving costs), (ii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Securities to the Purchasers, (iii) all fees and expenses of the Company's and the Guarantors' counsel, independent public or certified public accountants and other advisors, (iv) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of this Agreement, the Indenture and the Securities, (v) all filing fees, attorneys' fees and expenses incurred by the Company or the Guarantors in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Securities for offer and sale under U.S. state securities laws or Canadian Securities Laws, (vi) the fees and expenses of the Trustee and the Canadian Trustee, including the fees and disbursements of counsel for the Trustee and the Canadian Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities with any ratings agencies, (viii) all costs and expenses in connection with the creation and perfection of the security interest to be created and perfected pursuant to the Security Documents (including without limitation, filing and recording fees, search fees, taxes and costs of title policies), and (ix) all fees and expenses (including reasonable fees and expenses of counsel) of the Company and the Guarantors in connection with approval of the Securities by the Depositary for "book-entry" transfer, and the performance by the Company and the Guarantors of their respective other obligations under this Agreement. The Purchasers shall pay their own expenses, including the fees and disbursements of their counsel.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Security or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Security, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Security. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Securities embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

9. GENERAL PROVISIONS.

This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

10. NOTICES; ENGLISH LANGUAGE.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized international commercial delivery service (charges prepaid), (b) by a recognized international commercial delivery service (with charges prepaid) or (c) with respect to notices to a Purchaser or holder, unless such purchaser or holder otherwise notifies the Company by email to an email address provided by such Purchaser or holder to the Company from time to time. Any such notice must be sent:

(i) if to a Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Security, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the General Counsel, or at such other address as the Company shall have specified to the holder of each Security in writing.

Notices under this Section 10 will be deemed given only when actually received.

Each document, instrument, financial statement, report, notice or other communication delivered in connection with this Agreement shall be in English or accompanied by an English translation thereof.

This Agreement and the Securities have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Canada, the United States or any other jurisdiction in respect hereof or thereof.

11. MISCELLANEOUS.

11.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Security) whether so expressed or not.

11.2. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

11.3. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

11.4. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

11.5. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

11.6. Consent to Jurisdiction; Waiver of Immunity; Judgment Currency.

(a) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the federal courts of the United States of America located in the City and

County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding a "**Related Judgment**", as to which such jurisdiction is non-exclusive) of the Specified Courts in any Related Proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Specified Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints Corporation Service Company as its agent to receive service of process or other legal summons for purposes of any Related Proceeding that may be instituted in any Specified Court. Service of any process, summons, notice or document to Corporation Service Company shall be effective service of process for any Related Proceeding brought in any Specified Court.

(b) With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

(c) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Purchasers could purchase U.S. dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligations of the Company and each Guarantor in respect of any sum due from them to any Purchaser shall, notwithstanding any judgment in any currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Purchaser hereunder, the Company and each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Purchaser hereunder, such Purchaser agrees to pay to the Company and the Guarantors (but without duplication) an amount equal to the excess of the U.S. dollars so purchased over the sum originally due to such Purchaser hereunder.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement among you, the Company and the Guarantors.

Very truly yours,

LIGHTSTREAM RESOURCES LTD.

By: ______________________
Name:
Title:

1863359 ALBERTA LTD.

By: ______________________
Name:
Title:

1863360 ALBERTA LTD.

By: ______________________
Name:
Title:

BAKKEN RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

LTS RESOURCES PARTNERSHIP
BY: LIGHTSTREAM RESOURCES LTD., ITS MANAGING PARTNER

By: ______________________
Name:
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

WLR CONDUIT MM LLC

BY: WL ROSS GROUP, L.P., ITS MEMBER

BY: EL VEDADO, LLC, ITS GENERAL PARTNER

By: ______________________________
Name: Michael J. Gibbons
Title: Authorized Signatory

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED AT CLOSING (IN US$)	PRINCIPAL AMOUNT OF 8.625% NOTES TO BE DELIVERED AT CLOSING (IN US$)
WLR-SC Financing Conduit LLC 1166 Avenue of the Americas, 25th Floor New York, NY 10036	1,638,000	2,543,000

Notices

All notices of payments and any other communications or deliveries:

WLR-SC Financing Conduit LLC
c/o WL Ross & Co. LLC
1166 Avenue of the Americas, 25th Fl.
New York, NY 10036

SCHEDULE B

LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation, Amalgamation or Formation	Location of Chief Executive Office	Ownership of Issued Voting Securities
1863359 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
1863360 Alberta Ltd.	Alberta	Alberta	100% owned by the Company
Bakken Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863360 Alberta Ltd.
LTS Resources Partnership	Alberta	Alberta	99.99% owned by the Company, 0.01% owned by1863359 Alberta Ltd.