

COURT FILE NUMBER

1601-12571

COURT

Court of Queen's Bench of Alberta

JUDICIAL CENTRE

Calgary

Applicant

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.X.D. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGMENT OF
LIGHTSTREAM RESOURCES LTD,
1863359 ALBERTA LTD, LTS
RESOURCES PARTNERSHIP, 186330
ALBERTA LTD AND BAKKEN
RESOURCES PARTNERSHIP

DOCUMENT

**MOTION RECORD OF LIGHTSTREAM
RESOURCES LTD, 1863359 ALBERTA
LTD AND 1863360 ALBERTA LTD -
THRESHOLD ISSUE**

PARTIES FILING THIS DOCUMENT

LIGHTSTREAM RESOURCES LTD.

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Where: Calgary Courts Centre, 601 – 5 Street S.W.
 Calgary, AB T2P 5P7

Before Whom: Mr. Justice McLeod

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TAB 1

1 Loukas

2 A. I work out of Greenwich, Connecticut.

3 Q. Who are the investors in the Master Fund
4 and the Opportunity Fund?

5 A. It is a collection of high-net-worth
6 individuals, family offices, and institutional
7 accounts.

8 Q. How do they hold their interest in those
9 funds?

10 A. They hold their interest via a limited
11 partnership interest.

12 Q. Is there a general partner that owns the
13 securities?

14 A. The securities are owned on behalf of the
15 investors. There is an investment manager that
16 advises the funds.

17 Q. We will come to this in a second.
18 What about the separately managed
19 accounts?

20 A. Those are -- can you clarify the question?

21 Q. I only need to know as it relates to
22 Lightstream.

23 Were any of the Lightstream securities
24 held on behalf of the separately managed accounts?

25 A. Yes.

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Loukas

Q. What I need to know is -- and we will come to it in a moment, but just to close it off, does FrontFour invest in securities for the benefit of anyone other than those two funds and the separately managed accounts?

A. No.

TAB 2

Court File Number: 1501-07813
Court: Court of Queen's Bench of Alberta
Judicial Centre: Calgary
Plaintiffs: FrontFour Capital Corp. and FrontFour Capital Group LLC
Defendant: Lightstream Resources Ltd.

- and -

Court File Number: 1501-08782
Court: Court of Queen's Bench of Alberta
Judicial Centre: Calgary
Plaintiff: Mudrick Capital Management, LP
Defendant: Lightstream Resources Ltd.

Answers that Require Correction

Mr. Kirsch has reviewed his evidence and makes the following corrections to the transcript:

No.	Page No.	Correction
1.	27	"Went through all publicly available financial documents, call transcripts, presentations, and relevant bonded v indenture legal documents".
2.	72	"What this is saying is saying is outside of a court proceeding, the unsecured class cannot recover <u>above</u> par..."
3.	76	"it's a calculation of typically – in this case, <u>often</u> if notes hit 71 cents on the dollar..."
4.	110	"Yes, and to reiterate, that if there was any <u>exchange transaction</u> , that we would like to be a part of it".
5.	115	" Of <u>We are</u> a fiduciary to our investors..."
6.	118	"Not from my end. It was a pleasant phone call made <u>to</u> from the Edmonton airport."

**List of Undertakings, Under Advisements, and Refusals
from the Oral Questioning of David Kirsch held March 16, 2016**

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
1.	7	Undertaking	To advise whether the Lightstream high-yield notes (the "Unsecured Notes") were held on behalf of a particular fund or if they were held pro rata across a number of funds.	The Unsecured Notes are held parri passu across a number of funds.	
2.	7	Under Advisement	To advise who the registered holders of the Unsecured Notes are and who the beneficial holders of the notes are and the structure of the ownership between the two.	The registered holders of the Unsecured Notes are several funds as follows: Mudrick Distressed Opportunity Fund Global, L.P., Mudrick Distressed Opportunity Speciality Fund, L.P., Mudrick Distressed Energy Co-Investment Fund, L.P., Mudrick Distressed Opportunity Draw Down Fund, L.P., SMA1 and SMA2. The funds hold the Unsecured Notes, and other assets, for the benefit of the investors in each of the funds.	
3.	9	Under Advisement	To advise whether anyone working at Mudrick has ever been involved in negotiating a trust indenture for a bond issue.	Various Mudrick analysts have been involved in negotiating a trust indenture for a bond issue, however, it is disproportionate to require each analyst to recall each trust indenture over the course of his or her career.	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
4.	11-12	Under Advise-ment	To advise how many additional Unsecured Notes have been purchased by Mudrick since the date of the Statement of Claim.	Since the date of the statement of claim (October 5, 2015), Mudrick has purchased USD\$36,423,000.00 of Unsecured Notes.	
5.	12	Undertaking	To advise whether any of the Unsecured Notes purchased by Mudrick have been sold.	Mudrick has not sold any of its Unsecured Notes.	
6.	12	Undertaking	To advise of the price paid for each of the purchases of the Unsecured Notes.	<ol style="list-style-type: none"> 1. January 22, 2015 – USD\$10,000,000.00 @ 56.0000;¹ 2. January 22, 2015 – USD\$4,500,000.00 @ 55.2500; 3. January 29, 2015 – USD\$5,000,000.00 @ 57.000 4. January 29, 2015 – USD\$10,000,000.00 @ 57.0000 5. April 1, 2015 – USD\$500,000.00 @ 72.5000 6. April 7, 2015 – USD\$1,000,000.00 @ 75.5000 	

¹ Price list is a % of par.

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
				<p>7. May 28, 2015 – USD\$1,200,000.00 @ 72.0000</p> <p>8. October 23, 2015 – USD\$2,641,000.00 @ 26.2500</p> <p>9. November 2, 2015 – USD\$2,824,000.00 @ 27.0000</p> <p>10. November 4, 2015 – USD\$ 200,000.00 @ 28.0000</p> <p>11. November 12, 2015 – USD\$ 2,500,000.00 @ 26.5000</p> <p>12. April 14, 2016 – USD\$9,070,000.00 @ 4.1250</p> <p>13. April 22, 2016 – USD\$5,000,000.00 @ 4.5000</p> <p>14. May 5, 2016 – USD\$14,188,000.00 @ 5.000</p>	
7.	14	Under Advisement	To advise as to the circumstances where Mudrick, or Mr. Kirsch, was involved in a situation where it owned high-yield debt and some but not all of that debt was repurchased by the issuer.	Refused - this question is not relevant and is disproportionate.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
8.	14	Under Advisement	To advise as to the circumstances where Mudrick or Mr. Kirsch was involved in a situation where secured debt was issued by a corporation ahead of existing unsecured high-yield debt, other than Lightstream.	Refused - this question is not relevant and is disproportionate.	
9.	14	Under Advisement	In the scenario where secured debt was issued ahead of existing unsecured high-yield debt, to advise whether Mudrick purchased or obtained secured debt and to advise as to the circumstances in which such purchase occurred.	Refused - this question is not relevant and is disproportionate.	
10.	16-17	Refused	To indicate which companies made up the balance of the exposure to the energy industry in the Flagship Fund.	Refused – this question is not relevant.	
11.	20	Under Advisement	To advise whether the pages that have been redacted as not relevant in Prod No. MCM 586 relate to Mudrick's other investments in the energy space.	Yes - Prod No. MCM 586 has been redacted as it relates to Mudrick's other investments in the energy space, which are not relevant to this dispute.	
12.	22	Undertaking	To advise of the exact launch date of the Energy Co-Investment Fund.	The Mudrick Distressed Energy Co-Investment Fund was launched on April 1, 2015.	
13.	22	Under Advisement	To advise whether there was a change in the composition of the Energy Co-Investment Fund.	Refused – this question is not relevant.	
14.	22	Refused	To identify the companies listed in Prod No. MCM 611 and advise whether Mudrick continues to hold investments in	Refused – this question is not relevant.	

No.	Page No.	Undertaking, Advice, or Refusal	Specific Undertaking, Advice, or Refusal	Answer or precise reason for not doing so	Disposition by the court
15.	23-24	Under Advice	those companies. To provide Mudrick's understanding of the fluctuation of market prices of the securities – aside from the Unsecured Notes – listed in Prod No. MCM 611 through the period up to today's date.	Refused – this question is not relevant.	
16.	23-24	Under Advice	To provide the price that Mudrick paid for the securities – aside from the Unsecured Notes – listed in Prod No. MCM 611.	Refused – this question is not relevant.	
17.	26-27	Under Advice	To advise whether any legal advice was obtained with respect to the indenture at any time prior to the secured notes transaction that is referred to in the Statement of Claim.	Mudrick did not obtain legal advice with respect to the indenture prior to the secured notes transaction.	
18.	27-28 and 37	Undertaking	To advise whether the spreadsheet containing Mudrick's initial analysis of the Unsecured Notes has been produced and if not, to produce it, and if so, to identify it.	Mudrick's initial analysis has been produced at Prod No. MCM 509.	
19.	28-29	Undertaking	To advise whether Mr. Kirsch took any notes during his call with Peter Scott and John Wright on January 21, 2015, and to produce them if they are relevant.	Mr. Kirsch's notes are enclosed as Prod No. MCM 2503.	
20.	30	Undertaking	To advise, once all of the evidence has been reviewed, whether there is any allegation that the statement made by Mr. Wright and Mr. Scott during the January 21, 2015 call (that Lightstream did not intend to restructure its debt and	The evidence demonstrates that Lightstream was approached as early as January 2015 about restructuring its debt. The evidence leaves open the possibility that Lightstream was	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking, Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
			<p>that liquidity was not an issue), was known to be false by Lightstream at the time it was made.</p>	<p>considering restructuring its debt at that time, despite the statements made by Mr. Wright and Mr. Scott.</p> <p>Regarding liquidity, the allegation is not that Lightstream lied about having sufficient liquidity; the allegation is that, despite having sufficient liquidity, Lightstream entered into an unnecessary and oppressive transaction that elevated the position of certain of the bondholders at the expense of the remaining bondholders.</p>	
21.	34	Under Advisement	<p>To review the Unsecured Notes indenture and advise as to which provision prompted Mr. Kirsch to conclude that an exchange could not be done on a non-pro rata basis.</p>	<p>Section 3.04(a) of the Unsecured Notes indenture prompted Mr. Kirsch to conclude that the transaction had to occur on a pro-rata basis.</p>	
22.	34	Under Advisement	<p>To review the Unsecured Notes indenture and advise as to which provision caused Mr. Kirsch to believe that the issue of secured debt had to be for cash.</p>	<p>Without limiting the clauses that Mudrick may rely on at trial, the following clauses support Mudrick's position: s. 3.04(a), 4.06(b)(v), s. 4.06(c), s. 4.08, and s. 9.02.</p>	
23.	37-38	Undertaking	<p>To advise whether Mudrick obtained a copy of the Offering Memorandum for the Unsecured Notes.</p>	<p>Mudrick did not obtain a copy of the Offering Memorandum for the Unsecured Notes.</p>	
24.	38-39	Undertaking	<p>To advise whether Mudrick disputes the description of the statements contained</p>	<p>Mudrick cannot answer this because it does not have a copy</p>	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
25.	40-41	Under Advisement	<p>in the Offering Memorandum as set out in paragraphs 11 to 14 of the Statement of Defence.</p> <p>To advise whether it is Mudrick's position that under the terms of the Unsecured Notes indenture, Lightstream had the right to issue second lien secured notes up to the limits set out in the indenture.</p>	<p>of the Offering Memorandum and such Memorandum has not been publicly filed.</p> <p>Lightstream had the right to issue second lien secured notes up to the limits set out in the indenture; and by entering into a transaction with some, but not all of the Unsecured Noteholders, Lightstream breached the permitted options for issuing second lien secured debt pursuant to the indenture.</p>	
26.	41	Under Advisement	<p>To advise whether it is Mudrick's position that under no circumstances did Lightstream have the right to issue second lien notes up to the secured limits set out in the Unsecured Notes indenture.</p>	<p>See answer to No. 25 above.</p>	
27.	41	Undertaking	<p>To provide Mudrick's position in writing as to whether Lightstream had the right to repurchase some but not all of the outstanding Unsecured Notes under the terms of the Unsecured Notes indenture.</p>	<p>It did. The issue is not that Lightstream repurchased some but not all of the notes; the issue is that Lightstream offered the transaction to some but not all of the Unsecured Noteholders. If the offer had been made to all of the Unsecured Noteholders, and only some of the Unsecured Noteholders accepted the offer, Lightstream would not have been in breach of the indenture or its</p>	

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

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
31.	43- 44	Undertaking	To advise whether there is a separate written analysis or spreadsheet apart from whatever emails there may be in the productions, with regard to the Unsecured Notes around the time of the January 22nd and January 29th purchases.	Lightstream had an obligation not to engage in oppressive, unfair, or prejudicial conduct vis-a-vis the Unsecured Notes. No - Mudrick has produced all relevant documents.	
32.	47	Refused	To advise as to whether Mudrick invested in Energy XXI's unsecured debt.	Refused – This question is not relevant.	
33.	49	Undertaking	To advise whether any notes were taken during the February 18, 2015 meeting in Calgary, and if such notes are relevant, to produce them.	Kent Kim and Victor Danh took notes of the meeting which took place on February 19, 2015. Their notes are enclosed as Prod No. MCM 2504 A and 2504 B.	
34.	50-51	Undertaking	To provide, if available, a version of Prod No. MCM 542 that does not have the right-hand side cut off.	Enclosed.	
35.	53	Under Advise-ment	To advise whether Mudrick held Energy XXI debt securities.	Refused – this question is not relevant.	
36.	54-55	Under Advise-ment	To advise whether at any point prior to the secured notes transaction, there were any unsecured bonds held by Mudrick subject to the type of transaction that is referred to in either the Energy XXI release or otherwise	Refused – this question is not relevant.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
37.	54-56	Under Advice	<p>similar to the secured notes transaction, and, if so, to advise whether Mudrick took any action with respect to those transactions whether it was legal action or simply registering a complaint.</p> <p>To advise whether from the date of the first purchase of the Unsecured Notes up to the date of the transaction, there were any unsecured bonds held by Mudrick subject to the type of transaction that is referred to in either the Energy XXI release or otherwise similar to the secured notes transaction and, if so, to advise whether Mudrick took any action with respect to those transactions whether it was legal action or simply registering a complaint.</p>	Refused – this question is not relevant.	
38.	56	Refused	To advise as to whether Mudrick or Mr. Kirsch were aware of the exchange of second lien notes for senior notes carried out by California Resources Corporation in November 2015.	Refused – this question is not relevant.	
39.	60	Undertaking	To advise on whether it is Mudrick's position that anything that Mr. Scott said in his answer to Joshua Gale of GMP Securities at LST Prod No. 584, p. 8, was incorrect or misleading.	The evidence establishes that at this point in time, Lightstream was considering the transaction it ultimately concluded. Again, Mudrick's allegation is – among other things – that Lightstream was not permitted to enter into a transaction that was offered to some, but not all, of the holders of	

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

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court.
44.	78-79	Undertaking	To advise whether, having had the opportunity to review all productions and prepare, it is still Mudrick's position that Lightstream's decision to cancel its first quarter call is still inexplicable.	an opportunity for Lightstream to either advise that it was struggling with liquidity (which it did not) and/or advise that it was contemplating a non-pro-rata second lien deal (which it did not). Mudrick's position is that Lightstream may have cancelled its first quarter call for a number of reasons, including to avoid answering questions about the Unsecured Notes and a possible transaction.	
45.	79	Undertaking	To advise whether it is still Mudrick's position that Lightstream's decision to cancel its first quarter call was for the purpose of avoiding responding to questions about the Unsecured Notes.	See answer to No. 44 above.	
46.	81	Undertaking	To advise whether Mudrick accepts that the reason Lightstream delayed its conference call was because it wanted to be able to report on the renegotiation of its credit facilities when those were completed and not to have to answer questions about the credit facility at that time.	See answer to No. 44 above.	
47.	88-89	Undertaking	To advise whether there are any notes with respect to the call with Mr. Scott referred to at Prod No. MCM 1453, and if those notes are relevant, to produce	Mudrick does not have any notes from this call.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking, Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
48.	92	Under Advice	To advise how Mudrick determines the "appropriate asset allocation" and the "target asset allocation" referred to in Prod No. MCM 1530.	Refused – the question is not relevant.	
49.	92	Under Advice	To advise why the target per Lightstream, as referred to in Prod No. MCM 1530, was greater than the current holdings at that point in time.	Refused – the question is not relevant.	
50.	93	Undertaking	To advise whether any "refresh" of the spreadsheet at Prod No. MCM 600 (March 25, 2015) was done in relation to the May 28, 2015 purchase of Unsecured Notes, and/or whether any other analysis was done between the date of the analysis at Prod No. MCM 600 and May 28, 2015.	Further to Mr. Kirsch's testimony, there may have been an updated analysis prior to the May 28, 2015 purchase but Mudrick has not been able to locate a "refresh" of the spreadsheet at Prod No. 600 or any other analysis done between March 25, 2015 and May 28, 2015.	
51.	104-105	Undertaking	To advise whether there are any notes from the meeting Mr. Kirsch had with Mr. Wright on June 3, 2015, and if so, to produce them.	Notes are enclosed as Prod No. MCM 2505 – these notes are of the meeting attended by Mr. Kirsch, Mr. Wright, and others. There are no notes of the private conversation between Mr. Kirsch and Mr. Wright.	
52.	105	Undertaking	To advise whether there are any notes from Mr. Kirsch's discussion with Mudrick's analyst, which took place prior to the June 3, 2015 meeting, related to any analysis about the possibility of	Mudrick has not been able to locate any such notes.	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking, Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
53.	105-106	Undertaking	selling off Mudrick's position. To advise if Mr. Kirsch has any recollection of discussing with Lightstream management about the exchange of Unsecured Notes with some but not all of the noteholders other than during his meeting with Mr. Wright on June 3, 2015.	Mr. Kirsch's recollection is set out in his affidavit sworn July 29, 2015 specifically at paragraphs 17, 19, 20, 21, and 24-26.	
54.	108	Undertaking	To provide a full copy of Prod No. MCM 1724 if available.	Enclosed.	
55.	117	Undertaking	To advise whether it is Mudrick's position that Lightstream was under an obligation to inform holders of the Unsecured Notes of the secured notes transaction prior to its announcement, and if so, to advise when that obligation arose and what it is based on.	Mudrick's position is that Lightstream was obligated to treat all of the Unsecured Noteholders fairly and equitably, to offer the transaction to all of the Unsecured Noteholders, and to ensure that any public statements and/or private statements accurately reflected the position of the company with respect to whether it was considering a non-pro-rata second lien deal with some but not all of the bondholders. The bases for these obligations are the provisions of the <i>Alberta Corporations Act</i> prohibiting oppressive conduct, the applicable case-law in this area, and the terms of the Unsecured Notes Indenture.	

No.	Page No.	Undertaking, Advice, or Refusal	Specific Undertaking, Advice, or Refusal	Answer or precise reason for not doing so	Disposition by the court
56.	121	Undertaking	To advise which provisions of the Unsecured Note Indenture Mr. Kirsch thought Lightstream had violated by conducting the exchange on a non-pro-rata basis as communicated to Mr. Scott and Mr. Wright during their call on July 6, 2015. If Mr. Kirsch cannot recall, to provide Mudrick's position as to the provisions of the Unsecured Notes indenture that Lightstream offended by conducting the exchange on a non-pro-rata basis.	Without limiting the clauses that Mudrick may rely on at trial, Lightstream offended the following provisions of the Unsecured Notes Indenture by conducting the transaction on a non-pro-rata basis: s. 4.06(b)(v), s. 4.06(c), s. 4.08, and s. 9.02.	
57.	122-123	Undertaking	To advise whether there are any notes from the calls that took place on July 6, 2015 and July 8, 2015 between Mudrick and Lightstream, and if those notes are relevant and not privileged, to produce them.	Mudrick has not been able to locate any such notes.	
58.	124	Undertaking	To advise whether it is Mudrick's position that Lightstream had a legal duty to discuss the transaction with Mudrick prior to announcing it publicly.	Mudrick's position is that Lightstream had a duty to treat all of the bondholders fairly and equitably by offering the transaction to all bondholders, and that Lightstream had to ensure that any public statements and/or private statements accurately reflected the position of the company with respect to whether it was considering a non-pro-rata second lien deal with some but not all of the bondholders.	

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

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
62.	129	Under Advice	To advise, with respect to paragraph 21(b) of the Statement of Claim, whether it is alleged that a secured notes transaction was not in the best interest of Lightstream.	Lightstream would abide by such representations; (3) that Lightstream would abide by the terms of its indenture; and (4) that Lightstream had sufficient liquidity and therefore that a transaction like the secured notes transaction was not necessary or in the best interests of the company.	
63.	130	Undertaking	To advise, with respect to paragraph 22(a), if Mudrick will be alleging any other position at trial regarding the prices.	The secured notes transaction, while it may have had positive benefits for Lightstream, was not in the best interests of the company. As per Mr. Scott's testimony, Lightstream had sufficient liquidity to take the company in 2017 and possibly 2018. Lightstream did not even attempt to determine whether it could have achieved the results of the secured notes transaction by offering the transaction to all bondholders. Instead, Lightstream arbitrarily elevated certain bondholders above others when it was not necessary, or appropriate, to structure the deal this way.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
64.	130	Undertaking	To attempt to agree, prior to trial, on a trading price schedule for the notes over the relevant period of time up to and including trial.	so advise. We are available to discuss with opposing counsel and attempt to agree on a trading price schedule.	
65.	130	Under Advisement	To advise what Mudrick's current holdings of Lightstream's Unsecured Notes are and to advise of such holdings through to trial.	As of April 15, 2016, Mudrick's holdings are USD\$49,435,000.00 of Unsecured Notes.	
66.	130	Under Advisement	To advise why Mudrick continued to buy Unsecured Notes after the Transaction.	Refused – the question is not relevant.	
67.	131	Undertaking	To advise what the "make-whole" price is, as referenced in paragraph 23(b)(iii) of the Statement of Claim.	The "make-whole price" is defined in the indenture at s.1.01 page 19.	
68.	131	Undertaking	To indicate the provision of the Unsecured Notes indenture that entitles Mudrick to the "make-whole" price.	Section 3.01(b).	
69.	132	Undertaking	To advise as to what method Mudrick proposed to calculate its damages under paragraph 23(b)(iv) of the Statement of Claim, including, to advise what benchmark Mudrick proposes to use to measure the changes in the Unsecured Notes price to determine the loss caused by the Transaction.	To be advised.	
70.	133	Under Advisement	To advise how Mudrick's entire unsecured high-yield debt portfolio generally performed from the time the Unsecured Notes were first purchased	Refused – the question is not relevant.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking, Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
71.	133	Under Advice	To advise how those similar securities (as referred to in the question above) performed since July 6, 2015, both on a portfolio basis and on an energy basis.	Refused – the question is not relevant.	
72.	133-134	Undertaking	To advise whether Mudrick has undertaken any of the steps contemplated in 6.06 of the Unsecured Notes indenture.	Mudrick has not taken any of the steps contemplated by section 6.06 of the Unsecured Notes Indenture.	
73.	134	Undertaking	To advise whether Mudrick is aware of the identity of any persons having knowledge of matters that are relevant to the proceedings that have not been identified and if so, to provide the names of such persons.	Other than those persons listed in the productions or discussing during Mr. Kirsch's examination for discovery, Mudrick is not aware of any other persons having knowledge of matters relevant to the proceedings.	
74.	134	Undertaking	To provide on a reciprocal basis a summary of the evidence of individuals not already identified, that have knowledge of matters that are relevant to this proceeding.	We will advise if any such individuals are identified and will provide a summary of evidence.	
75.	134	Undertaking	To provide a summary of the findings, opinions, and conclusions of any expert retained by Mudrick in compliance with the rules of Alberta.	No expert has been retained, but if one is retained, we will comply with the rules of Alberta.	

TAB 3

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5 Q. Okay. Now, to make sure we start sequencing things as
6 in chronologic order as I've hoped to do, when did
7 Lightstream first have discussions with Apollo or
8 Blackstone about them exchanging their unsecured notes
9 as opposed to a broader tender process?

10 A. So with respect to your question about a broader tender
11 process, that initially wasn't part of any -- any
12 discussion when they first approached us. It was more
13 approaching us about the concept would we be interested
14 in looking at an exchange, and I believe that was
15 likely in early March timeframe, somewhere in that
16 timeframe.

17 Q. Had RBC been retained as your financial advisor by the
18 time Apollo and Blackstone approached you?

19 A. No.

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TAB 4

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Q. All right. When was the decision made that you should

1 retain a financial advisor?

2 A. We made that decision around early May, I believe.

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TAB 5

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Q. And did you have any contrary advice with respect to the board presentation?

A. Again, I think I mentioned it earlier, our feeling was it could be negative or it could be positive, depending on how the market viewed the increased liquidity.

TAB 6



LIGHTSTREAM RESOURCES LTD.
("Lightstream" or the "Corporation")

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
(the "Board")

Held at the offices of Lightstream Resources Ltd.
2800, 525 – 8th Avenue S.W., Calgary, Alberta, and via video conference,
at 9:00 a.m. (MT) on Thursday, June 11, 2015

DIRECTORS PRESENT:

Ken R. McKinnon (Chairman of the Board)
Ian S. Brown
Martin Hislop
E. Craig Lothian
Corey C. Ruttan
W. Brett Wilson
John D. Wright

ALSO PRESENT BY INVITATION:

Annie Belecki, General Counsel (Recording Secretary)
Rene LaPrade, Senior Vice President & Chief Operating Officer
Peter Scott, Senior Vice President & Chief Financial Officer

Representatives of RBC Capital Markets:
Curtis Dunford
Kete Cockrell (by phone)
Darrell Law

Organization

At approximately 9:00 a.m., Mr. Ken McKinnon, Chairman of the Board, called the meeting to order. Ms. Annie Belecki acted as Recording Secretary of the meeting.

Proper notice having been given and a quorum being present, the Chairman declared the meeting to be properly constituted and open for the transaction of business.

1. Committee Appointments

Mr. Ken McKinnon reviewed the proposed changes to the committees of the Corporation.

ON MOTION DULY MADE BY MR. MARTIN HISLOP, SECONDED BY MR. IAN BROWN AND UNANIMOUSLY CARRIED, IT WAS RESOLVED THAT the following members of the Board of Directors of the Corporation are hereby appointed as members of the committee set above their name, effective May 14, 2015:

Audit Committee
Corey Ruttan - Chair
Ken McKinnon
Marty Hislop
Ian Brown

Reserves Committee

Brett Wilson - Chair
Craig Lothian
John Wright

Compensation Committee

Ken McKinnon - Chair
Marty Hislop
Brett Wilson

Governance and Nomination Committee

Ian Brown - Chair
Craig Lothian
Ken McKinnon
Corey Ruttan

2. Strategic Debt Initiatives

Mr. John Wright and Mr. Peter Scott discussed in detail the presentation relating to the strategic debt initiatives previously circulated to the Board and responded to inquiries from the Board relating thereto. Discussion ensued with respect to the debt restructuring proposal of the Corporation outlined in the presentation which involved the issuance of new second lien debt ("**Second Lien Debt**") to two existing unsecured noteholders in exchange for US\$200 million in cash and US\$465 million of high yield notes, with a US\$55 million basket for additional exchanges with third parties (the "**Strategic Debt Initiatives Transaction**"). Mr. Scott outlined the principal negotiated terms under the Strategic Debt Initiatives Transaction and highlighted the benefits to the Corporation, including reduction of overall debt and increased liquidity at a reasonable cost. He discussed next steps including negotiation of definitive documentation and obtaining approval of the credit syndicate.

At 9:35 a.m., representatives of RBC Capital Markets joined the meeting.

Referring to their previously circulated report, the representatives of RBC Capital Markets provided an analysis of transaction considerations as well as an overview of current market trends and responded to inquiries from the Board.

At 10:00 a.m., representatives of RBC Capital Markets exited the meeting.

At 10:15 a.m., Mr. Corey Ruttan joined the meeting.

There was considerable discussion among the Board with respect to the Strategic Debt Initiatives Transaction. While there was unanimous agreement on moving forward with the exchange of the high yield notes resulting in an absolute reduction of the Corporation's debt, there were in-depth discussions about adding the Second Lien Debt as a source of liquidity (and insurance against future shortfalls in liquidity) both as to the need for and the incremental cost of such debt. In response to members' questions, management confirmed that there was no requirement under either the unsecured note indenture or applicable U.S. securities laws to make the same offer to all unsecured noteholders. Management was strongly encouraged to continue to explore all avenues available to reduce the total debt and interest costs of the Corporation.

At 10:25 a.m., Mr. Craig Lothian exited the meeting.

ON MOTION DULY MADE BY MR. JOHN WRIGHT, SECONDED BY MR. MARTIN HISLOP, OPPOSED BY MR. IAN BROWN AND MR. CRAIG LOTHIAN (IN ABSENTIA), AND CARRIED BY MAJORITY, IT WAS RESOLVED THAT management of the Corporation be and are hereby authorized to proceed with the Strategic Debt Initiatives Transaction.

3. 'In Camera' Session

At 10:50 a.m. all of management, except Mr. John Wright exited the meeting and the Board held an 'in camera' session.

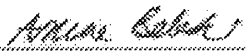
At 10:55 a.m. Mr. John Wright exited the meeting and a further 'in camera' session was held.

Termination of Meeting

There being no further business, **ON MOTION DULY MADE**, the meeting was terminated at 11:00 a.m.



KENNETH R. MCKINNON,
Chairman of the Board



ANNIE BELECKI,
Recording Secretary

TAB 7

From: Badal Pandhi <BPandhi@frontfourcapital.com>
Sent: Sunday, December 21, 2014 10:19 PM
To: Zachary George
Cc: Stephen Loukas
Subject: RE: LTS sensitivity with WTI

Yeah creating company at 4.5x at current bond price if you assume mid point of company's production guidance (77% liquids) at \$70 wti

At 9/30/14, LTS had \$484 outstanding on its credit facility and total availability of \$1.15 bn (has an extra \$100 mm accordion feature if the bank group wants to expand); letters of credit are only \$4 mm so company has virtually all of the run-way on the credit line available. The availability on the line can change if a majority of lenders request a borrowing base test.

If we stay at \$60 wti (1.15 fx) throughout 2015 with the company's new guidance for production/capex, the company looks like its free cash breakeven (\$225 mm cash flow from ops less \$190mm capex less \$35 mm of div) so looks like dollar amt run way on credit facility would be the same a year from what it will be at 12/31/14 (company will burn \$50-\$60 mm in 4Q14); year-end net leverage would be 6.8x

I took a look at the bond indenture, max credit facility size can be \$1.7 bn, the company can take on more debt outside of the bank debt if the pro forma fixed coverage ratio is above 2.25x (DACF / (interest + dividends); this figure comes in at 2.5x for all of 2015 if we use \$60 wti so little room to add; also the company/restricted sub can only guarantee debt that is pari passu or subordinated to the unsec notes – looks like minimal risk that LTS could issue bonds that are senior to these 8.625% notes

From: Zachary George
Sent: Saturday, December 20, 2014 9:42 AM
To: Badal Pandhi
Cc: Stephen Loukas
Subject: Re: LTS sensitivity with WTI

So basically creating the company at ~4.5x buying the bonds here if you assume \$70wti?

What is our risk of getting primed? What is the runway on the revolver? Where will be left if we languish at 60wti all the way through 2015?

Zachary George
FrontFour Capital
(203) 554 0816

On Dec 19, 2014, at 4:52 PM, Badal Pandhi <BPandhi@frontfourcapital.com> wrote:

See the FrontFour matrix tab

Badal Pandhi

FrontFour Capital Group LLC
Phone: 203.274.9051
Mobile: 484.832.3381
Fax: 203.274.9045
Email: BPandhi@frontfourcapital.com

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<Alta Model LTS 18_Dec_2014.xlsm>

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TAB 8

From: Badal Pandhi <BPandhi@frontfourcapital.com>
Sent: Sunday, February 22, 2015 10:47 PM
To: Zachary George; Stephen Loukas; David Lorber
Subject: LTS one-pager/model attached
Attachments: LTS Model - February 2015.xlsm

LTS model & one pager attached, it shows that sr unsec nts are covered coming at it from multiple angles (new reserve 1P value and conservative M&A multiples)

Spoke to the CFO late Friday following the reserve report release

- Credit facility not publicly available but he told me that industry practice to establish credit line capacity is to take 50-60% of PDP reserves (at PV-10); this points to a potential \$200 mm reduction in LTS credit line capacity from \$1.1bn to \$900 mm (CAD figures); current cash flow covenant for credit facility is 4.0x for sec debt to EBITDA; company is in compliance
- The key constraining factor that determines whether additional secured debt can be placed in front of us is in the bond indenture; total bank capacity can't exceed USD \$1.5 bn; if we translate current Canadian line of \$1.1bn to USD, we are at \$1.44 bn so we are right up against the capacity right now
- Nothing in the bond documents prevents additional senior unsecured notes from being issued but not likely given elevated financing costs

4Q14 earnings are on 3/6 and we are scheduled to meet with the mgmt in NY on 3/13 – both on calendar

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TAB 9

From: Badal Pandhi <BPandhi@frontfourcapital.com>
Sent: Sunday, March 08, 2015 5:40 PM
To: Stephen Loukas; Zachary George; David Lorber
Subject: RE: LTS memo attached

Ok they two have footnotes on that slide once cited \$65 and the other cited \$90 wti - at \$90 wti they generate \$60 netbacks, at \$60 wti, they generate \$40 you are right

I can put whatever you would like..... no big deal – I view as this section as illustrative so reader can get general sense of earnings power, slide deck gives concrete economics numbers by play at \$90 wti with corresponding payback periods, recyle ratios etc

From: Stephen Loukas
Sent: Sunday, March 08, 2015 7:29 PM
To: Badal Pandhi; Zachary George; David Lorber
Subject: Re: LTS memo attached

Thx badal.

In the company description you wrote that at \$65 wti, they generate \$60 operating netback. That can't be right.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: Badal Pandhi
Sent: Sunday, March 8, 2015 7:21 PM
To: Stephen Loukas; Zachary George; David Lorber
Subject: LTS memo attached

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FRO000391

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TAB 10

From: Badal Pandhi <bpandhi@gmail.com>
Sent: Sunday, March 08, 2015 5:18 PM
To: Badal Pandhi
Subject: LTS memo attached
Attachments: LTS Investment Write Up - February 2015.docx

--
Badal Pandhi
bpandhi@gmail.com
484-832-3381

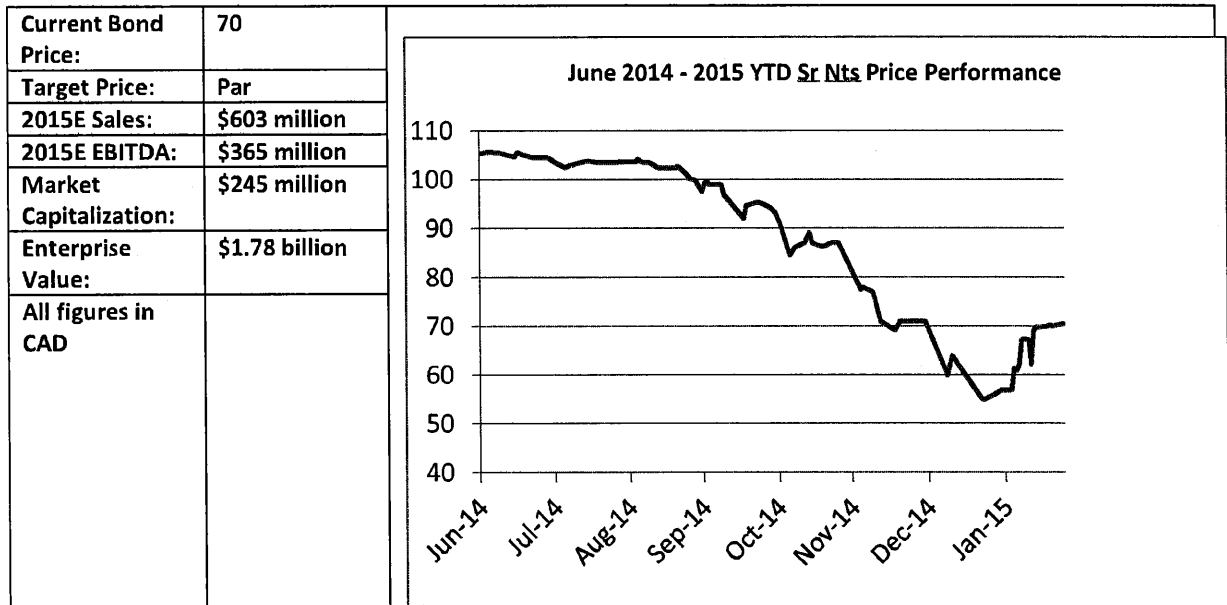
From: Badal Pandhi <bpandhi@gmail.com>
Sent: Sunday, March 08, 2015 5:18 PM
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--
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bpandhi@gmail.com
484-832-3381

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 FrontFour Capital Group
bpandhi@frontfourcapital.com
 203-274-9051

LIGHTSTREAM RESOURCES LTD (TSX: LTS)

February 23, 2015



Investment Conclusion:

I am recommending a long position in Lightstream's 8.625% fixed-rate, US-dollar denominated Senior Unsecured Notes maturing in 2020 (\$800 mm face value). The securities represent an attractive risk-reward profile as it presents the opportunity to realize equity-like returns with limited downside driven by the value of the company's acreage (in the currently depressed commodity environment) and recent M&A transactions for producing assets that are comparable to that of Lightstream assets. Assuming that the WTI crude oil environment normalizes over the next 12-18 months (i.e. price \$65 per barrel) and LTS management executes the sale of its Bakken business unit, I expect the bonds to return to par during this time period. Together with the cash coupon, this represents significant upside to bondholders at this time.

Situation Overview:

As the price of WTI crude oil has fallen approximately 50% from its highs during the summer of 2014, highly levered oil & gas exploration & production (E&P) companies without strong hedge profiles have seen their stock and bond prices fall an even greater amount. In an environment where most investors are indiscriminately selling energy-related securities and not properly ascribing value to assets on a company specific-basis, there is opportunity to take advantage of this dislocation at a more senior position in the capital structure. Lightstream senior unsecured notes, which have traded as high as 105 as of June 2014, fell to the mid-50s as of late January 2015 as investors were including the company in a bucket of companies who have elevated leverage ratios (i.e. 6x+) with the current commodity price deck.

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In January 2015, the company took the measure of cutting its 2015 capital plan and suspending its dividend. These measures along with the management's cash flow guidance imply the company will be free cash flow breakeven at \$50 per barrel WTI price for 2015. This cash flow profile in combination with the company's significant availability \$1.1 bn credit line (see **Capital Structure / Valuation Overview**) gives enough run way for management to navigate an uncertain commodity environment without eroding corporate creditworthiness. In addition, per our conversations with company management and our review of its bond indenture, the company's ability to issue debt securities that are senior to the 8.265% senior unsecured notes is limited. In addition, the company recently released its updated year-end reserve report that its creditors will use to re-size its availability on its credit line if needed. Based on past practices of banks lending to energy companies (using 50-60% of PDP reserves), the maximum reduction to Lightstream's credit line could be \$300 mm, not significantly changing its credit profile given it is forecasting to be free cash flow breakeven for 2015.

Finally, the company has told the market it has commenced a sale process for its Bakken business unit which produces approximately 14,000 barrels of oil equivalent per day (boe/d). Management has given a 12-24 month timeline to sell this asset – given recent M&A transaction multiples in the \$60,000 to \$80,000 boe/d area, we estimate this asset to be worth \$800 mm to \$1bn. There is no announced time frame for this transaction and believe management is being prudent to establish a high valuation bar for this asset given its low geological risk/long track production track record that would be appealing to strategic buyers.

Company Description:

Lightstream Resources is a Canada-based exploration & production (E&P) or "upstream" company focused on light oil development in the western Canadian provinces of Alberta, Saskatchewan and British Columbia. During 4Q14, the company's oil & gas production run-rate was 36,400 boe/d with a 75% liquids weighting. This production consists of approximately 14,000 boe/d produce from its Bakken acreage, 18,500 from its Cardium acreage and 3,900 from various smaller acreages in Alberta and British Columbia (primarily the Swan Hills area). The company's asset base consists of 585,000 net acres, 161 million barrels of proven plus probable ("2P") reserves and over 1,915 potential drilling locations.

The company's assets in the Bakken (Saskatchewan) produce light oil with a relatively low decline rate. This formation is located within the Williston Basin encompassing 25,000 square miles across southern Saskatchewan, upper Montana, upper North Dakota and western Manitoba. Unlocking this formation propelled North Dakota from the 9th largest oil producer in 2006 to number 2 behind Texas with more than 900,000 barrels of oil per day by mid-2014. At a \$65 per barrel USD WTI crude oil price, Lightstream's economic metrics in this play are operating netbacks of around \$60 per barrel (i.e. proxy for gross margin per barrel), per well drilling costs of \$1.5 to \$1.9 mm, recycle ratios greater than 2x (i.e. return on invested capital) and exhibit payback period of 12 months. The company's most recent disclosure states that this play will receive of 40% the total capital spent across its plays in 2015.

The play received new interest in the first half of 2015 when Lightstream peer Crescent Point (TSX: CPG) discovered a thick layer in the Bakken formation called the Tourquay its Flat Lake area in southeast Saskatchewan (which is adjacent to LTS acreage). The field is estimated to have a potential 4.6 billion barrels of OOIP (oil originally in place). The potential upside of the Bakken have prompted publicly traded E&P companies in Canada to grow in the Bakken via acquisition of private operators. In addition

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to Crescent Point, Legacy Oil (TSX: LEG) and Vermillion (TSX: VET) have also purchased privately held companies in the Flat Lake area for high valuation metrics at over \$100,000 per boe/d.

Lightstream's Cardium land base (located in the province of Alberta) stretches from Calgary to Edmonton and primarily produces light oil. Compared to its Bakken assets which has a liquids weighting of 93%, Lightstream's Cardium production is 68% liquids. This land base features Canada's largest oil field called the Pembina Field and has been producing oil since 1953. Similar to the Bakken, the Cardium features low geological risk with operators in the region focusing on improving drilling and completion techniques. The company owns one of the best acreage positions in the Cardium Play, all of which is located in the oil window of Cardium with depths ranging 4,000-6,000 meters in area. In terms of economics, the Cardium generates operating netbacks of \$50 per barrel, per well drilling costs of \$3.5-\$4.0 mm, recycle ratios of over 3x and payback periods of 1.2 to 1.5 years. At this time is allocating 50% of its \$200 mm 2015 capital budget to the Cardium.

Of the major unconventional plays in Canada, the Cardium is one of the most fragmented with over 15 publicly traded companies having significant acreage positions such as Penn West Petroleum (TSX: PWT), Bellatrix (TSX: BXE), PenGrowth (TSX: PGF), Bonterra (TSX: BNE), Vermillion (TSX: VET), Whitecap (TSX: WCP).

The company's remaining production in Alberta and British Columbia is driven largely by its acreage in Swan Hills (Alberta). The Swan Hills reef complex is located in north central Alberta, approximately 200 kilometers northwest of Edmonton. The complex is over 80 kilometers long, covering over 24 townships of land, and has long been recognized as one of Canada's "giant" oil fields estimated to contain more than 7 billion barrels of light oil. The economics metrics of the play are approximately \$50 per barrel operating netbacks, per well drilling costs of around \$5 mm, recycle ratios above 2x and payback periods of under one year.

Lightstream views Swan Hills as its next growth play. However with the pullback in commodity prices, it has reduced its growth plans. The one publicly-traded pure-play in the Swan Hills area is levered, microcap, Arcan (CVE: ARN) in which CGP and LTS both have equity stakes.

Company History:

Lightstream, formerly known as PetroBakken (name change in May 2013) was formed in the fall of 2009 through the spin-off of Petrobank's Canadian business unit. In conjunction with the spin, Lightstream acquired the assets of Tristar Oil, an E&P operator in the Bakken. As of October 2009, the company was largely a Bakken producer with a projected 2009 exit production rate of 37,000 boe/d (95% liquids-weighting), pro forma debt to cash flow ratio of below 1x and over 800,000 acres in Saskatchewan.

The company then commenced an ill-advised strategy to enter the well established Cardium play with the goal of applying its Bakken technical expertise. In total, Lightstream acquired three companies in the Cardium play for a total of \$1 bn by paying multiples of between \$100,000 and \$200,000 per flowing barrel, well above historical ranges. As a result of overpaying for acquisitions and lack of management execution, the company found itself with a total debt balance of \$2.3 billion or net leverage of approximately 3.0x at the end of 2013. As the commodity price environment deteriorated during the second half of 2014, Lightstream's stock fell from a 52-week high of \$9.09 to a low of \$0.65 at the end of

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January 2015, or 93%. Without the cover of higher commodity prices, equity investors penalized the company for its high leverage level and questioned its ability to sustain its dividend. Although the company successfully completed asset sales in throughout 2014 (approximately \$730 mm in proceeds), investors considered the company to be in a position of weakness and continue to pressure the company's stock. In January 2015, the company announced a significantly reduced capital plan in response to the lower commodity price environment and suspended its dividend in efforts to conserve cash flow.

Capital Structure / Valuation Overview:

Assuming a normalized \$65 per barrel WTI price, by owning Lightstream's senior unsecured bonds you created the company at 3.4x EV/EBITDA (debt at market), which is an attractive relative to equity valuations of publicly traded peers (see next page for peer valuations).

* Base case shows normalized \$65/bbl WTI

	Debt at Book 9/30/2014	Debt at Market 9/30/2014	Debt at Book 12/31/2015
Stock Price	\$1.22	\$1.22	
Shares	200.6	200.6	
Mkt Cap	\$245	\$245	
Working Capital Deficit	\$41	\$41	\$41
Bank Debt (\$575 mm undrawn; \$1.1bn total size)	484	484	430
Convertible Debentures	7	7	7
8.625% Sr Unsec Nts (\$800 mm USD face value)	1,000	700	1,000
Net Debt	<u>\$1,533</u>	<u>\$1,233</u>	<u>\$ 1,478</u>
Enterprise Value	\$1,777	\$1,477	
2015E Production (boe/d)	31,709	31,709	31,709
2015E Cash flow from Ops	\$275	\$275	\$275
2015E Capex	(190)	(190)	
Free Cash Flow	<u>\$85</u>	<u>\$85</u>	
2015E EBITDA	\$365	\$365	\$365
Net Debt / 2015E EBITDA	4.2x	3.4x	4.1x
EV / 2015E EBITDA	4.9x	4.0x	

Sensitivity Table

WTI Sensitivity	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00	\$75.00	\$80.00
9/30/14 Net Debt (at book) / 2015E EBITDA	5.4x	4.9x	4.5x	4.2x	3.9x	3.7x	3.5x
9/30/14 Net Debt (at market) / 2015E CFO	4.3x	3.9x	3.6x	3.4x	3.2x	3.0x	2.8x
12/31/2015 Net Debt (at book) / 2015E CFO	5.5x	4.9x	4.4x	4.1x	3.7x	3.5x	3.2x

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Publicly Traded Canadian E&P Peer Valuation Multiples ("DACF" represents debt-adjusted cash flow or EBITDA)

		EV/DACF (x)		EV/	EV/P+P
		2015E	2016E	Prd'n (\$/boel/d)	Reserves (\$/boe)
Baytex	BTE	7.4x	5.8x	\$60,499	\$12.05
Crescent Point	CPG	8.4x	7.8x	\$106,088	\$21.61
Enerplus	ERF	6.4x	6.3x	\$39,437	\$9.42
Pengrowth	PGF	7.5x	6.6x	\$57,311	\$7.62
Penn West	PWT	8.3x	4.2x	\$33,916	\$5.39
Surge	SGY	6.3x	4.7x	\$60,460	\$10.79
Twin Butte	TBE	3.0x	3.7x	\$35,527	\$9.95
Vermilion	VET	13.9x	8.6x	\$129,641	\$29.14
Whitecap	WCP	9.1x	7.5x	\$118,676	\$20.03
Mean		7.8x	6.1x	\$71,284	\$14.00
Median		7.5x	6.3x	\$60,460	\$10.79

Source: CIBC.

Recent M&A Transactions and Lightstream's recent reserve report (released late February 2015) point to significant coverage of the senior unsecured notes.

Valuation / Asset Coverage for Sr Unsec Nts			
	Debt at Book	Debt at Market	Debt at Mkt (Fully Drawn Line)
Working Cap Deficit	41	41	41
Bank Debt	484	484	1,059
Converts	7	7	7
Sr Unsec Nts	1,000	700	700
Net Debt	\$1,533	\$1,233	\$1,808
2015E EBITDA	\$365	\$365	\$365
Net Debt / DACF	4.2x	3.4x	5.0x
1P PV-10 Value (AT)	\$1,474	\$1,474	\$1,474
Net Debt	\$1,533	\$1,233	\$1,808
% Coverage of Sr Nts	96%	120%	82%
Per Bbl Mult - 2015	\$60,000	\$60,000	\$60,000
Implied EV	\$1,903	\$1,903	\$1,903
Net Debt	\$1,533	\$1,233	\$1,808
% Coverage of Sr Nts	124%	154%	105%

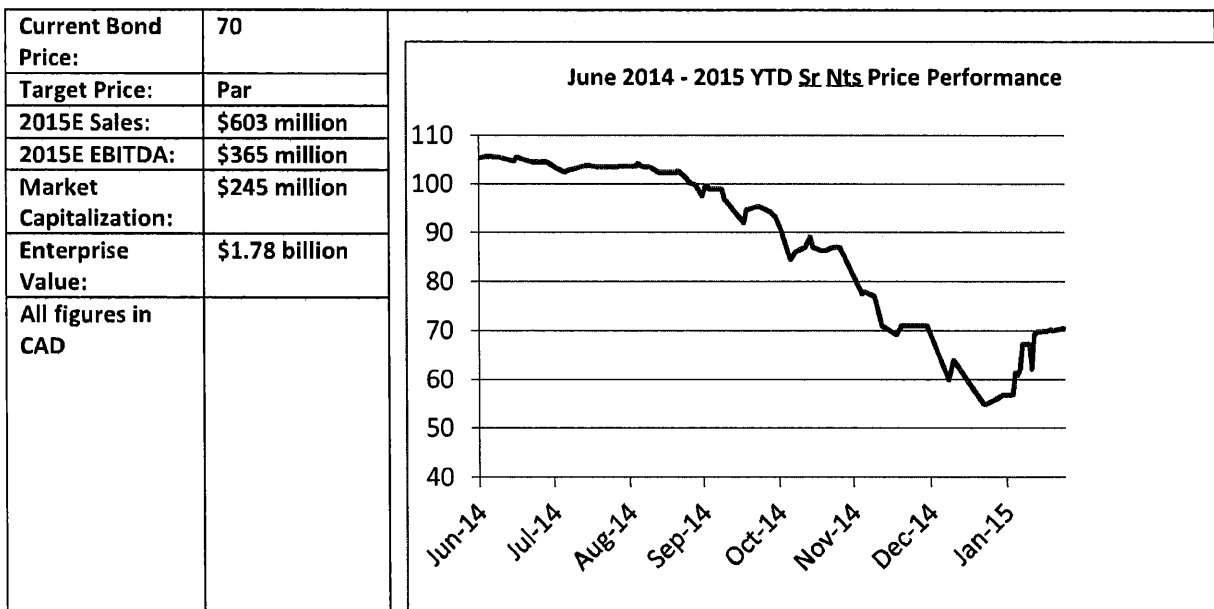
ERROR: syntaxerror
OFFENDING COMMAND: --nostringval--

STACK:

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LIGHTSTREAM RESOURCES LTD (TSX: LTS)

February 23, 2015

**Investment Conclusion:**

I am recommending a long position in Lightstream's 8.625% fixed-rate, US-dollar denominated Senior Unsecured Notes maturing in 2020 (\$800 mm face value). The securities represent an attractive risk-reward profile as it presents the opportunity to realize equity-like returns with limited downside driven by the value of the company's acreage (in the currently depressed commodity environment) and recent M&A transactions for producing assets that are comparable to that of Lightstream assets. Assuming that the WTI crude oil environment normalizes over the next 12-18 months (i.e. price \$65 per barrel) and LTS management executes the sale of its Bakken business unit, I expect the bonds to return to par during this time period. Together with the cash coupon, this represents significant upside to bondholders at this time.

Situation Overview:

As the price of WTI crude oil has fallen approximately 50% from its highs during the summer of 2014, highly levered oil & gas exploration & production (E&P) companies without strong hedge profiles have seen their stock and bond prices fall an even greater amount. In an environment where most investors are indiscriminately selling energy-related securities and not properly ascribing value to assets on a company specific-basis, there is opportunity to take advantage of this dislocation at a more senior position in the capital structure. Lightstream senior unsecured notes, which have traded as high as 105 as of June 2014, fell to the mid-50s as of late January 2015 as investors were including the company in a bucket of companies who have elevated leverage ratios (i.e. 6x+) with the current commodity price deck.

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In January 2015, the company took the measure of cutting its 2015 capital plan and suspending its dividend. These measures along with the management's cash flow guidance imply the company will be free cash flow breakeven at \$50 per barrel WTI price for 2015. This cash flow profile in combination with the company's significant availability \$1.1 bn credit line (see **Capital Structure / Valuation Overview**) gives enough run way for management to navigate an uncertain commodity environment without eroding corporate creditworthiness. In addition, per our conversations with company management and our review of its bond indenture, the company's ability to issue debt securities that are senior to the 8.265% senior unsecured notes is limited. In addition, the company recently released its updated year-end reserve report that its creditors will use to re-size its availability on its credit line if needed. Based on past practices of banks lending to energy companies (using 50-60% of PDP reserves), the maximum reduction to Lightstream's credit line could be \$300 mm, not significantly changing its credit profile given it is forecasting to be free cash flow breakeven for 2015.

Finally, the company has told the market it has commenced a sale process for its Bakken business unit which produces approximately 14,000 barrels of oil equivalent per day (boe/d). Management has given a 12-24 month timeline to sell this asset – given recent M&A transaction multiples in the \$60,000 to \$80,000 boe/d area, we estimate this asset to be worth \$800 mm to \$1bn. There is no announced time frame for this transaction and believe management is being prudent to establish a high valuation bar for this asset given its low geological risk/long track production track record that would be appealing to strategic buyers.

Company Description:

Lightstream Resources is a Canada-based exploration & production (E&P) or "upstream" company focused on light oil development in the western Canadian provinces of Alberta, Saskatchewan and British Columbia. During 4Q14, the company's oil & gas production run-rate was 36,400 boe/d with a 75% liquids weighting. This production consists of approximately 14,000 boe/d produce from its Bakken acreage, 18,500 from its Cardium acreage and 3,900 from various smaller acreages in Alberta and British Columbia (primarily the Swan Hills area). The company's asset base consists of 585,000 net acres, 161 million barrels of proven plus probable ("2P") reserves and over 1,915 potential drilling locations.

The company's assets in the Bakken (Saskatchewan) produce light oil with a relatively low decline rate. This formation is located within the Williston Basin encompassing 25,000 square miles across southern Saskatchewan, upper Montana, upper North Dakota and western Manitoba. Unlocking this formation propelled North Dakota from the 9th largest oil producer in 2006 to number 2 behind Texas with more than 900,000 barrels of oil per day by mid-2014. At a \$65 per barrel USD WTI crude oil price, Lightstream's economic metrics in this play are operating netbacks of around \$60 per barrel (i.e. proxy for gross margin per barrel), per well drilling costs of \$1.5 to \$1.9 mm, recycle ratios greater than 2x (i.e. return on invested capital) and exhibit payback period of 12 months. The company's most recent disclosure states that this play will receive of 40% the total capital spent across its plays in 2015.

The play received new interest in the first half of 2015 when Lightstream peer Crescent Point (TSX: CPG) discovered a thick layer in the Bakken formation called the Tourquay its Flat Lake area in southeast Saskatchewan (which is adjacent to LTS acreage). The field is estimated to have a potential 4.6 billion barrels of OOIP (oil originally in place). The potential upside of the Bakken have prompted publicly traded E&P companies in Canada to grow in the Bakken via acquisition of private operators. In addition

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2015E Cash flow from Ops	\$275	\$275	\$275
2015E Capex	(190)	(190)	
Free Cash Flow	\$85	\$85	
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Publicly Traded Canadian E&P Peer Valuation Multiples ("DACF" represents debt-adjusted cash flow or EBITDA)

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Median		7.5x	6.3x	\$60,460	\$10.79

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% Coverage of Sr Nts	124%	154%	105%

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Precedent Canadian E&P Transactions – Bakken

SE Saskatchewan Precedents						
Announced Date	Target	Acquiror	Transaction	Liquids	Transaction Metrics	
			Value (\$MM)	Weighting (%)	Production (\$/boe/d)	2P Reserves (\$/boe)
12-Dec-13	Renegade Petroleum Ltd.	Alexander Energy	\$33	95%	\$87,838	\$11.95
16-Jul-13	Pengrowth Energy	TORC Oil & Gas Ltd.	\$510	93%	\$89,474	\$23.94
11-Jul-13	Renegade Petroleum	Undisclosed company(ies)	\$19	n.a.	\$271,429	n.a.
3-Apr-13	Villanova Oil	Legacy Oil + Gas	\$188	90%	\$105,972	\$20.67
14-Dec-12	Undisclosed company(ies)	Lateral Capital Corp.	\$69	100%	\$92,123	\$25.67
30-Oct-12	Penn West Exploration	Renegade Petroleum Ltd.	\$405	94%	\$112,500	\$22.13
4-Jun-12	Zargon Oil & Gas	Undisclosed companies	\$36	100%	\$130,909	\$27.69
16-Apr-12	Fairborne Energy Ltd.	Undisclosed company(ies)	\$80	100%	\$114,286	\$25.81
15-Mar-12	Reliable Energy Ltd.	Crescent Point Energy Corp.	\$99	100%	\$95,197	\$57.82
16-Feb-12	PetroBakken Energy	Crescent Point	\$427	90%	\$147,241	\$40.67
16-Feb-12	Undisclosed company	Crescent Point	\$130	100%	\$138,298	\$23.21
19-Jan-12	PetroBakken Energy	Franco-Nevada Mining Corp.	\$105	n.a.	\$181,034	\$23.00
Average				96%	\$130,525	\$27.51
Median				98%	\$113,393	\$23.94

Precedent Canadian E&P Transactions – Cardium

Cardium Precedents						
Announced Date	Target	Acquiror	Transaction	Liquids	Transaction Metrics	
			Value (\$MM)	Weighting (%)	Production (\$/boe/d)	2P Reserves (\$/boe)
23-Oct-14	Penn West Exploration	Undisclosed company(ies)	\$355	20%	\$47,333	\$9.67
15-Oct-14	Exoro Energy Inc.	Elkwater Resources Ltd.	\$83	60%	\$42,718	\$9.50
15-Oct-14	Undisclosed company(ies)	Bellatrix Exploration Ltd.	\$14	24%	\$46,333	\$2.96
6-Oct-14	NuVista Energy Ltd.	Unspecified	\$49	n.a.	\$35,000	n.a.
9-Sep-14	Unspecified	Petrus Resources Ltd.	\$15	30%	\$87,059	n.a.
3-Sep-14	Suncor Energy	Tamarack Valley Energy	\$169	44%	\$99,001	\$16.05
20-Aug-14	Undisclosed company(ies)	PanTerra Resource Corp.	\$24	11%	\$18,750	\$4.63
20-Aug-14	Whitecap Resources, Inc.	Undisclosed company(ies)	\$57	n.a.	\$95,000	n.a.
21-Jul-14	Arriva Energy Inc.	Petrus Resources	n.a.	30%	n.a.	n.a.
19-Jun-14	Bacalieu Energy Inc.	China Oil & Gas	\$236	70%	\$56,867	\$10.75
12-Jun-14	Crocotta Energy	Long Run Exploration Ltd.	\$357	30%	\$47,600	\$10.95
6-Jun-14	Birchill Exploration LP	TriOil Resources Ltd.	\$256	40%	\$75,176	\$9.61
9-Apr-14	Crew Energy Inc.	Long Run Exploration Ltd.	\$222	25%	\$31,714	\$3.68
17-Mar-14	Imperial Oil Ltd.	Whitecap Resources, Inc.	\$855	50%	\$57,000	n.a.
4-Mar-14	Santonla Energy Inc.	Tourmaline Oil Corp.	\$189	29%	\$49,737	\$7.81
4-Mar-14	Lightstream Resources Ltd.	Undisclosed company(ies)	\$112	34%	\$65,882	\$37.33
27-Feb-14	Manitok Energy Inc.	Petrus Resources Ltd.	\$23	6%	\$29,408	\$4.85
28-Oct-13	Undisclosed company(ies)	Whitecap Resources	\$90	73%	\$88,235	\$12.82
28-Oct-13	Anderson Energy	Whitecap Resources	\$82	70%	\$89,130	\$12.55
15-Oct-13	xek	Bellatrix Exploration	\$576	58%	\$54,857	\$9.46
16-Sep-13	Anderson Energy	Undisclosed company(ies)	\$82	65%	\$82,000	\$13.40
16-Sep-13	TriOil Resources	Polski Koncern Naftowy Orlen	\$240	62%	\$57,897	\$11.88
1-Aug-13	Bellatrix Exploration	Daewoo; Devonian	\$53	33%	\$195,896	n.a.
18-Jan-13	TriOil Resources	PetroBakken Energy	\$14	70%	\$50,881	\$9.07
12-Nov-12	Marquee Energy Ltd.	Bellatrix Exploration Ltd.	\$21	32%	\$42,000	n.a.
2-Nov-12	Equal Energy Ltd.	Pengrowth Energy Corporation	\$62	93%	\$118,095	n.a.
13-Sep-12	Vero Energy	TORC Oil & Gas	\$177	65%	\$80,455	\$19.67
4-Jul-12	Undisclosed company(ies)	Tallgrass Energy Corp.	\$17	73%	\$37,778	\$8.10
2-Jul-12	Delphi Energy	Undisclosed private company(ies)	\$23	48%	\$51,111	\$14.38
30-Jun-12	Anderson Energy Ltd.	Undisclosed company(ies)	\$37	41%	\$54,425	n.a.
28-Feb-12	Midway Energy	Whitecap Resources	\$550	67%	\$101,907	\$20.69
3-Feb-12	Undisclosed company(ies)	Midway Energy	\$37	n.a.	\$61,917	\$8.93
Average			47%	\$66,167	\$11.68	
Median			44%	\$56,867	\$9.67	

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Investment Risks:

Slow M&A Market – Based on our conversations with industry experts, it is our understanding that the market for producing assets in both the Cardium and Bakken is still active.

Commodity Price Volatility – Oversupply of crude driven by US shale production persists while Lightstream no significant commodity protection for 2016. We believe the commodity environment will normalize.

Management Execution – Management has historically had a mixed track record reducing operating costs per barrel and enhancing recoveries from existing wells.

TAB 11

From: David Lorber <DLorber@frontfourcapital.com>
Sent: Tuesday, May 19, 2015 9:53 AM
To: Badal Pandhi
Cc: Stephen Loukas; Zachary George
Subject: Re: LTS

Steve Zach shldnt we work to insert ourselves into creditor talks

David Lorber
917-533-7085

> On May 19, 2015, at 11:51 AM, Badal Pandhi <BPandhi@frontfourcapital.com> wrote:

>

> Nothing new - guidance same and pres still says they are in "advanced" talks with creditors

>

> Presentation attached

>

> Waiting on hearing back on 1x1 request to meet with mgmt. at RBC energy conf in Battery Park (June 1-2)

>

> From: David Lorber

> Sent: Tuesday, May 19, 2015 11:41 AM

> To: Badal Pandhi

> Cc: Stephen Loukas; Zachary George

> Subject: LTS

>

> Anything new in the LTS deck that just came across bbrg?

>

>

>

> David A. Lorber

> FrontFour Capital

> 35 Mason St., 4th Floor

> Greenwich, CT 06830

> P: 203-274-9052

> C: 917-533-7085

> dlorber@frontfourcapital.com<<mailto:dlorber@frontfourcapital.com>>

>

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> <LTS_Corp_Pres_-AGM_-_FINAL.pdf>

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TAB 12

Loukas

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Q. Can we go to FrontFour 500. Mr. George on
May 22nd writes to you among others "LTS - getting
tighter ."

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Loukas

Do you know what he meant by "getting tighter"?

A. I think he is referencing that their liquidity is getting tighter.

TAB 13

From: David Lorber <DLorber@frontfourcapital.com>
Sent: Friday, May 29, 2015 7:03 AM
To: Badal Pandhi
Subject: FW: !!! Secured Energy Deals--Just a Starting Point of Info--Relative Value to Follow

How much debt can be put ahead of us in LTS?

From: Cahn, Jordan [<mailto:jcahn@cantor.com>]
Sent: Friday, May 29, 2015 9:01 AM
To: jordacah@gmail.com
Subject: !!! Secured Energy Deals--Just a Starting Point of Info--Relative Value to Follow

Secured Deals-Energy

Company Name	Issue Date	Description	Issue Size	Coupon	Maturity
American Energy-Permian Basin	5/28/2015	2nd Lien-Secured Deal	\$295,000	8%	6/15/2020
SandRidge Energy	5/28/2015	2nd Lien-Secured Deal	\$1,250,000	8.75%	6/1/2020
Warren Resources	5/26/2015	1st Lien-Term Loan	\$250,000	L+850, w/ 1% Floor	5/26/2020
MidStates Petroleum	5/21/2015	2nd Lien-Secured Deal	\$625,000	10%	6/1/2020
	5/21/2015	3rd Lien-Secured Deal	\$504,121	12%--10% Cash w/ 2% PIK	6/1/2020
W&T Offshore	5/5/2015	2nd Lien-Term Loan	\$300,000	9.00%	5/12/2020
Halcon Resources	4/21/2015	2nd Lien-Secured Deal	\$700,000	8.625%	2/1/2020
BreitBurn Energy	3/29/3015	2nd Lien-Secured Deal	\$650,000	9.25%	5/15/2020
Comstock Resources	3/13/2015	1st Lien--Secured Deal	\$700,000	10%	3/15/2020
Energy XXI	3/12/2015	2nd Lien-Secured Deal	\$1,450,000	11%	3/15/2020
Goodrich Petroleum	3/12/2015	2nd Lien-Secured Deal	\$100,000	8%	3/15/2018
Atlas Resource Partners	2/23/2015	2nd Lien-Term Loan	\$250,000	L+900, w/ 1% Floor	2/23/2018
Resolute Energy	12/30/2014	2nd Lien-Term Loan	\$150,000	L+1000, w/ 1% Floor	11/1/2018

Secured Deals-Non Energy

Peabody Energy 3/16/2015 2nd Lien--Secured Deal \$1,000,000 10% 3/15/2027

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TAB 14

1 Kirsch

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8 Q. Can we go to Mudrick 1812. This is also
9 from June 10, an e-mail to yourself from you to
10 Mr. Sahl and Mr. Mudrick, written shortly after your
11 e-mail to Mr. Scott and Mr. Wright. You write "After
12 meeting with CEO last week, feel more confident than
13 before that the value is there, only concern is if
14 they did some 2nd lien deal which disadvantaged us."

15 Are you referencing the meeting with
16 Mr. Wright at the Bank of America/Merrill Lynch
17 conference on June 3rd?

18 A. I don't see anywhere in that e-mail I am
19 referencing that meeting. Oh, I am sorry.

20 Q. "After meeting with CEO last week."

21 A. Yes, I am referencing that. I apologize.

22 Q. Did something happen between June 3rd and
23 June 10 to give rise to the concern that you express
24 here that Lightstream would do a second lien deal
25 which would disadvantage you?

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Kirsch

A. I don't recall something specifically. It was a concern going into the June 3rd meeting. After he assured me he wouldn't do it, I felt better about it, but never a hundred percent sure about something.

TAB 15

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Loukas

Did FrontFour agree with that assessment of the transaction?

A. I mean, we agree that the swap had provided the company incremental near-term flexibility to our detriment. Meaning FrontFour's

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Loukas

detriment.

Q. But purely from a balance sheet perspective of Lightstream, was FrontFour of the view that this was a good transaction from that perspective?

A. We agree that it was a transaction that enhanced their liquidity.

TAB 16

From: Sahl, Kevin <ksahl@mudrickcapital.com>
Sent: Monday, July 6, 2015 11:52 AM
To: Kirsch, David <dkirsch@mudrickcapital.com>; Mudrick, Jason <jmudrick@mudrickcapital.com>
Cc: Mactaggart, Josh <jmactaggart@mudrickcapital.com>
Subject: RE: Lightstream

LTSCN: 52.5-57.5 market at CS.

Nothing has traded so far.

-----Original Message-----

From: Kirsch, David
Sent: Monday, July 06, 2015 8:40 AM
To: Mudrick, Jason
Cc: Sahl, Kevin
Subject: Lightstream

They just did the exchange we thought might be coming. They exchanged \$465mm of the \$800mm issue at about 85 cents on the dollar. The coupon is 9.875% so a little higher than the existing, so doesn't save much net interest expense. They also gave the exchange parties the right to buy an additional \$200mm of notes which will be used to reduce Revolver borrowings. My guess is that this deal is locked up, but I will call the CFO today (we had a call with him this Wednesday) and see if we could join if we wanted. Depending on who is doing the exchange we might try to make enough noise to see if we could get in. Kevin, can you see if you can find out who any of the funds are that are involved?

TAB 17

From: Kirsch, David <dkirsch@mudrickcapital.com>
Sent: Monday, July 6, 2015 9:40 AM
To: Mudrick, Jason <jmudrick@mudrickcapital.com>
Subject: Lightstream

Have calls into mgmt and Solicitor-Client Privilege will let you know as soon as I hear back from either.

In terms of the impact of this transaction, by the end of the year I expected them to have about \$550mm CAD outstanding on the Revolver and then there was the \$1bn CAD(\$800mm USD) of bonds at 65. So you were creating this at \$1.2bn CAD which represented 5.3x the \$225 in EBITDA at current oil prices and 3.0x the "recovered" Ebitda at \$80 oil. Now, the Revolver will be paid down to \$300mm CAD, there will be \$750mm CAD of second liens(\$595mm USD) and then about \$420mm CAD(\$335mm USD) of remaining stub bonds. So at a price of 65 on the bonds you are creating it at 5.9x current oil price ebitda and 3.3x recovered price EBITDA. Obviously the main difference though is previously you only had \$550m ahead of you and now it will be more like \$1.05bn. I still believe these assets are worth \$1.5-\$2.0bn, so I think you are covered in the stub bonds, but clearly transaction a negative given the extra debt ahead of you so we should participate if we can, and/or try to stop the transaction if we can.

TAB 18

Court File Number: 1501-07813
Court: Court of Queen's Bench of Alberta
Judicial Centre: Calgary
Plaintiffs: FrontFour Capital Corp. and FrontFour Capital Group LLC
Defendant: Lightstream Resources Ltd.

- and -

Court File Number: 1501-08782
Court: Court of Queen's Bench of Alberta
Judicial Centre: Calgary
Plaintiff: Mudrick Capital Management, LP
Defendant: Lightstream Resources Ltd.

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

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
1.	10-11	Undertaking	To advise who the registered holder was or is with respect to the Lightstream high-yield debt.	The registered holders of the Unsecured Notes are FrontFour Capital Group LLC and FrontFour Capital Corp. These funds hold the Unsecured Notes, and other assets, for the benefit of the investors in each of the funds.	
2.	11	Under Advisement	To advise how the interest in Lightstream high-yield debt is legally attributed to the four ultimate economic owners of the debt.	See answer to No. 1 above.	
3.	14	Under Advisement	To advise if anyone at FrontFour was ever involved in negotiating a trust	Yes.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
4.	15-16	Undertaking	<p>indenture for a bond issue prior to the Lightstream unsecured high-yield notes (the "Unsecured Notes").</p> <p>To advise of the amounts and dates of each purchase of the Unsecured Notes.</p>	Enclosed as Prod No. FF 3819	
5.	16-17	Under Advice	<p>To advise who was the registered holder of the Unsecured Notes within the FrontFour Group for each purchase of the Unsecured Notes.</p>	See answer to No. 1 above.	
6.	25	Under Advice	<p>To advise if under the terms of the indenture dated January 30, 2012 between PetroBakken as issuer and others relating to the 8.625 senior unsecured notes due 2020 (the "Unsecured Notes Indenture"), Lightstream had the right to repurchase some but not all of the outstanding high-yield unsecured notes.</p>	<p>It did. The issue is not that Lightstream repurchased some but not all of the notes; the issue is that Lightstream offered the transaction to some but not all of the Unsecured Noteholders. If the offer been made to all of the Unsecured Noteholders, and only some of the Unsecured Noteholders accepted the offer, Lightstream would not have been in breach of the Indenture or its obligations under the <i>Alberta Corporations Act</i> by entering into the transaction with some but not all of the Unsecured Noteholders.</p>	
7.	26	Under Advice	<p>To advise whether it is FrontFour's position that there was anything legally objectionable about the repurchase made by Lightstream in</p>	<p>The purchase referred to in paragraph 7 of FrontFour's Statement of Claim was not legally</p>	

No.	Page No.	Undertaking, Advice, or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
8.	26-27	Under Advice	2014 and referred to in paragraph 7 of FrontFour's Statement of Claim. To advise whether FrontFour will take the position at trial that, under the Unsecured Notes Indenture, Lightstream has an obligation to ensure that there is a liquid market, or any market, for the Unsecured Notes.	objectionable. FrontFour does not allege that Lightstream had an obligation to ensure a liquid market, or any market for the notes. FrontFour alleges that Lightstream had an obligation not to engage in oppressive, unfair, or prejudicial conduct vis-a-vis the Unsecured Notes.	
9.	27	Under Advice	To advise where FrontFour will be alleging that there is an obligation under the Unsecured Notes Indenture to ensure that the price of Unsecured Notes in the market is maintained at any level.	FrontFour does not allege that Lightstream had an obligation to ensure that the price of the Unsecured Notes in any secondary market is maintained at any level. FrontFour alleges that Lightstream had an obligation not to engage in oppressive, unfair, or prejudicial conduct vis-a-vis the Unsecured Notes.	
10.	28	Under Advice	To advise what provision of the Unsecured Notes Indenture is being referred to in paragraph 14 of the Statement of Claim and to advise whether FrontFour will allege at trial that that provision was breached.	S. 9.02 of the Unsecured Notes Indenture is being referred to in paragraph 14 of the Statement of Claim. FrontFour repeats and relies on its allegations in the Statement of Claim including that Lightstream has breached s. 9.02 of the Unsecured Notes Indenture.	
11.	28-29	Undertaking	To advise whether FrontFour obtained a copy of the offering	FrontFour did not obtain a copy of the Offering Memorandum for the	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
12.	29	Under Advisement	<p>memorandum prior to purchasing the Unsecured Notes or at any time while owning the Unsecured Notes.</p> <p>If the offering memorandum was obtained, to advise when it was obtained, whether it was before or after the purchase, to advise whether FrontFour reviewed the risk factors enumerated in the offering memorandum, and to advise whether the statements made in paragraphs 16 and 17 of the Statement of Defence are accurate as they relate to the offering memorandum.</p>	<p>Unsecured Notes.</p> <p>FrontFour cannot answer this because it does not have a copy of the Offering Memorandum and such Memorandum has not been publicly filed.</p>	
13.	31	Under Advisement	<p>To advise whether prior to purchasing the Unsecured Notes, there were other analysts who were approaching FrontFour about such purchase and providing it with analysis.</p>	<p>FrontFour was approached by multiple research analysts offering information on Lightstream, generally, but not specifically with respect to the Unsecured Notes.</p>	
14.	33	Undertaking	<p>To make inquiries of Zachary George and ask what he meant by "what is our risk of getting primed" in Prod No. FR 20.</p>	<p>Mr. George referring to the risk of additional capital being raised and placed in a senior position to the bonds</p>	
15.	34	Undertaking	<p>To advise whether Badal Pandhi's statement in Prod. No. FR 20 "I took a look at the bond indenture" refers to something other than the Unsecured Notes Indenture.</p>	<p>No – it refers to the Unsecured Notes Indenture.</p>	
16.	35	Undertaking	<p>To advise whether FrontFour is going to allege at trial that Mr. Pandhi had</p>	<p>No – Mr. Pandhi's understanding was that Lightstream had the</p>	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking, Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
17.	35	Under Advice	<p>any understanding other than that there was an ability to issue notes that were senior to the Unsecured Notes under the Unsecured Notes Indenture.</p> <p>To advise whether FrontFour will take the position at trial that the limitation on that ability to issue senior notes was anything other than described on the face of the email contained in Prod No. FR 20.</p>	<p>ability to issue notes that were senior to the Unsecured Notes under the Unsecured Notes Indenture.</p> <p>In the email at Prod No. FR 20, Mr. Pandhi explains that Lightstream's financial position at the time significantly reduced the chances of it issuing new debt because it had very little additional debt capacity due to limitations outlined in the Unsecured Notes Indenture.</p> <p>In considering whether to issue senior notes, Lightstream was not only bound by the terms of the Indenture, but also by its obligations under the <i>Alberta Business Corporations Act</i>.</p>	
18.	45-46	Undertaking	<p>To ask Mr. Pandhi whether he recalls a call on February 5th, with Timothy Brown (CIBC) at 2:00 p.m. as described in the email at Prod No. FF 44; and to advise if he took any notes during this call.</p>	<p>Mr. Pandhi recalls speaking with the CIBC analyst team on a call arranged by Timothy Brown. Mr. Pandhi recalls that he asked their opinion about the valuation of Lightstream's various operating assets and about strategic buyers who could potentially buy Lightstream. He has one page of notes from this call enclosed at Prod No. FF 3820.</p>	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court.
19.	46	Under Advice	To advise if Mr. Pandhi received either in February 2015, or at any time in the future from either CIBC or anyone else, any analysis of what he refers to as the covenants/bank debt or other issues relating to the ability of Lightstream to do the transaction it ultimately entered into, and if so, to ask him to describe the analysis and provide any documents related to it.	Mr. Pandhi did not receive any analyses from CIBC or anyone else in February 2015 or thereafter relating to Lightstream's covenants or its ability to do the transaction it ultimately entered into.	
20.	51	Under Advice	To ask Mr. Pandhi who attended the call on February 9 th , referred to in Prod No. FF 100, if he recalls what was discussed, and to the extent that the discussion concerned the terms of the Unsecured Notes Indenture and/or the possibility of the issuance of any secured debt ahead of the Unsecured Notes, to so advise, and to advise what actions FrontFour took or refrained from taking as a result of the call.	Mr. Pandhi's recollection is that this call was with CIBC's analyst team. He asked questions about CIBC's financial model and assumptions. He did not have any discussions about the terms of the Unsecured Notes Indenture.	
21.	55-56	Under Advice	To advise whether FrontFour alleges that any of the notes at Prod No. FF 971 relate to anything other than a description of the analysis of the assets; and to advise if FrontFour is relying on these notes with respect to any financing aspects as opposed to dealing with assets specifically.	No – the notes at Prod No. FF 971 relate to a description of the analysis of Lightstream's assets. FrontFour used the information about Lightstream's assets to formulate internal financial projections for Lightstream's operations.	
22.	57	Under	To advise whether FrontFour will	FrontFour understood that it's	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
		Advice	allege that at the time of the email at Prod No. FF 180, it had any understanding of the ability to be primed other than what is described in this email.	ability to be primed was not only governed by the Unsecured Note Indenture (as described in the email at Prod No. FF 180), but was also governed by the obligations set out in the <i>Alberta Corporations Act</i> .	
23.	59	Undertaking	To advise whether Prod No. FF 970 is something other than Mr. Pandhi's notes of the February 20th call between him and Mr. Scott.	No, Prod No. FF 970 are Mr. Pandhi's notes of his call with Mr. Scott.	
24.	61	Under Advice	To ask Mr. Pandhi and advise whether, on the February 20th call with Mr. Scott, there was any discussion of any matters relating to the financing, other than dealing with the assets, and any discussion of secured financing ahead of the Unsecured Notes.	Mr. Pandhi has advised that there was no discussion relating to financing other than dealing with the assets. There was no discussion of secured financing ahead of the Unsecured Notes.	
25.	69-70	Under Advice	To advise if anyone at FrontFour has any specific recollection of any conversations with Lightstream's management team on February 11 th or 12 th and 20 th about the company's ability to issue debt securities.	Mr. Pandhi recalls that, during the February 11th call, Lightstream's management team stated that they had the ability to issue debt securities and would inform FrontFour capital prior to taking any such action.	
26.	72	Undertaking	To determine whether any notes have been produced from the meeting with John Wright, Mr. Loukas and others at FrontFour on Friday March 13,	TBA	

No.	Page No.	Undertaking, Advice, or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
27.	72	Undertaking	2014. To advise whether there were any emails following the meeting of Friday March 13, 2014 that have not been produced.	No – FrontFour has produced all relevant documents.	
28.	74	Under Advice	To advise why Mr. George considered it necessary to “get in front of John” as stated in Prod No. FF 422.	Mr. George wanted to meet and discuss the transactions as outlined in the email and article in Prod No. FF 422.	
29.	83	Under Advice	To advise whether FrontFour will make an allegation that it considered selling its position.	FrontFour did not consider selling its position in Lightstream because of the repeated assurances by Lightstream that it would not participate in the transaction that ultimately occurred.	
30.	86	Undertaking	To ask Mr. Pandhi whether he recalls what follow-up questions were asked as referenced in Prod No. FF 513.	Mr. Pandhi recalls that he asked Peter Scott about Lightstream’s operations. Specifically, about Lightstream’s various assets, the return profile of its operating assets, and about which competitors exhibit similar economics in each area. They did not discuss potential financings – however, Mr. Scott was asked about the likelihood of the company placing debt in front of the Unsecured Notes and he declined to comment.	
31.	86	Under	To produce the follow-up questions	See answer to No. 31 above. Mr.	

No.	Page No.	Undertaking, Advice, or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
		Advice	referenced in Prod No. FF 513, if Mr. Pandhi recalls them; and to ask Mr. Pandhi for his full recollection of the call, any notes or emails or other documents evidencing what occurred during that call and to produce same.	Pandhi took one page of notes from this call, enclosed as Prod No. FF 3821.	
32.	87	Under Advice	To advise whether Mr. Pandhi's request for a call at Prod No. FF 513 was prompted by Mr. Lorber's earlier question regarding the amount of secured debt that could be placed in front of FrontFour.	Yes.	
33.	87	Under Advice	To advise whether FrontFour has any further information about how the dinner between Mr. George, Mr. Loukas, and Mr. Lothian referred to in Prod No. FF 532 came about.	FrontFour does not have any further information.	
34.	91	Under Advice	To ask Mr. George or Mr. Lorber whether they had any subsequent contact with Mr. Lothian as it relates to Lightstream.	Neither Mr. George or Mr. Lorber recall.	
35.	94	Refused	To advise whether it was Mr. Loukas' understanding at the time of the secured notes transaction that it was contrary to the Unsecured Notes Indenture.	Mr. Loukas' understanding was (and remains) that the secured notes transaction was contrary to the Unsecured Notes Indenture. Mr. Loukas' position was also (and remains) that the indenture is not an exhaustive code of Lightstream's obligations to its bondholders – Lightstream is also obligated to ensure that its	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
36.	95	Undertaking	To make inquiries as to whether any notes were taken during the call on July 3rd between Mr. Pandhi, Mr. Loukas, Mr. Scott and Mr. Wright.	conduct is not oppressive, unfair, or prejudicial. No notes were taken.	
37.	94	Under Advise-ment	To produce any notes taken during the call on July 3rd between Mr. Pandhi, Mr. Loukas, Mr. Scott and Mr. Wright.	No notes were taken.	
38.	103	Under Advise-ment	To ask Mr. George what was discussed with Mr. Lothian on their call on July 8 th as it relates to Lightstream.	Mr. George does not recall.	
39.	103	Under Advise-ment	To produce any notes or email correspondence or any other documents that might exist recording what occurred during the call with Mr. George and Mr. Lothian on July 8th.	No such notes, emails or documents exist.	
40.	105	Under Advise-ment	To ask Mr. George what he recalls of the conversations with Mr. MacIntyre referred to in Prod No. FF 932 and 961; and, if there are any documents associated with those conversations, to produce them.	Mr. George recalls inquiring about using Lightstream's additional basket to participate in the exchange.	
41.	105	Under Advise-ment	To advise whether FrontFour will waive any litigation privilege that may attach to the conversations referred to in Prod No. FF 932 and 961.	No such documents associated with the conversation described in No. 40 exist.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
42.	105	Under Advice	To advise whether FrontFour will rely on something that was said during the conversations referred to in Prod No. FF 932 and 961, and if so, to advise what those allegations are, any recollections that Mr. George has relating to the allegations, and to advise about any documents associated with them.	FrontFour relies on these productions to demonstrate that it was willing to participate in the transaction.	
43.	107-8	Under Advice	To advise of any other communications between FrontFour and Lightstream as recalled by the witnesses involved in those conversations.	Yes – if FrontFour becomes aware of any such communications that have not been produced or discussed during Mr. Loukas' questioning we will so advise.	
44.	109	Undertaking	To advise when it is alleged that Lightstream should have notified FrontFour or the other non-participating noteholders of the transaction as alleged in paragraph 41 of the Statement of Claim.	The allegation is not just that FrontFour ought to have notified the Unsecured Noteholders but that FrontFour ought to have offered the transaction to all of the Unsecured Noteholders.	
45.	109-10	Undertaking	To advise whether FrontFour is still seeking the right to participate on the same basis in the proposed refinancing transaction as alleged in paragraph 43 of the Statement of Claim.	Yes - FrontFour is still seeking the right to exchange its Unsecured Notes on the same terms as those offered to Apollo and GSO.	
46.	110	Undertaking	To advise whether it is still FrontFour's position that each of the four breaches listed in paragraph 29 of the Statement of Claim constitutes a breach of the Unsecured Notes	Yes.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
47.	111	Undertaking	<p>Indenture.</p> <p>To advise what specifically was required to do to comply with the duty of good faith and honest dealing and to advise how Lightstream breached its duty as alleged in paragraphs 47 and 48 of the Statement of Claim.</p>	<p>Lightstream was obligated to treat all of the Unsecured Noteholders fairly and equitably, to offer the transaction to all of the Unsecured Noteholders, and to ensure that any public statements and/or private statements accurately reflected the position of the company with respect to whether it was considering a non-pro-rata second lien deal with some but not all of the bondholders. The bases for these obligations are the provisions of the <i>Alberta Corporations Act</i> prohibiting oppressive conduct, the applicable case-law in this area, and the terms of the Unsecured Notes Indenture.</p>	
48.	112	Under Advice	<p>To advise what price the Unsecured Notes were trading at immediately prior to the announcement of the transaction and immediately after the transaction.</p>	TBA	
49.	112-113	Undertaking	<p>To try and agree about the trading price of the Unsecured Notes prior to the transaction, if this case proceeds to trial.</p>	<p>We are available to discuss with opposing counsel and attempt to agree on a trading price schedule.</p>	
50.	114	Under	<p>To provide the performance of the FrontFour funds in the period</p>	<p>Refused – the question is not</p>	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
51.	114	Under Advice	February 3, 2015 forward. To advise what would have been the value of FrontFour's holdings if it had entered into the transaction as of the date of the answer of the undertaking.	relevant. The notes held by Apollo and GSO have not sold so it is impossible to determine their value.	
52.	115	Undertaking	To provide prior to trial, the method on which FrontFour bases its allegation at paragraph 35(c) of the Statement of Claim that even if FrontFour had not participated in the transaction, if Lightstream had acted in an unoppressive way, the resulting damage would not be nearly as grave.	As a result of the secured note transaction with Apollo and GSO, the value of the Unsecured Notes plummeted. If Lightstream had offered the transaction to all of the Unsecured Noteholders, all of these noteholders would have been in the same position regarding the information they received from the company, would have carefully considered their decision with respect to entering into the proposed transaction, and would not have lost an opportunity to elevate their position in Lightstream.	
53.		Undertaking	To make inquiries and advise whether FrontFour has any knowledge as to whether anyone offered the trustee or the Canadian trustee reasonable security or indemnity against any loss, liability, or expense pursuant to	FrontFour has no knowledge.	

No.	Page No.	Undertaking, Advice or Refusal	Specific Undertaking Advice or Refusal	Answer or precise reason for not doing so	Disposition by the court
54.	117	Undertaking	<p>section 6.06 of the Unsecured Notes Indenture.</p> <p>To advise whether FrontFour is aware of any persons, other than those identified during the examination for discovery, having knowledge that is relevant to this proceeding.</p>	<p>Yes – if FrontFour becomes aware of any such persons that have not been identified in the productions or discussed during Mr. Loukas' questioning we will so advise.</p>	
55.	117	Under Advice	<p>If FrontFour is aware of any persons, other than those identified during the examination for discovery, having knowledge that is relevant to this proceeding, to provide a summary of their knowledge.</p>	<p>Yes – if FrontFour becomes aware of any such persons that have not been identified in the productions or discussed during Mr. Loukas' questioning we will so advise and provide a summary of their knowledge on a reciprocal basis with Lightstream.</p>	

TAB 19

From: Peter Scott
Sent: Friday, July 03, 2015 11:57 AM
To: Cockrell, Kete
Cc: John Wright; Mawani, Salim
Subject: Re: Can we talk with you for a quick 15 minutes real quick this mng?

Categories: Important

Thanks. We had a discussion with Front Four and Silver Point. Both thought we did a good deal and want to further exchange at the same price. Then frustration, anger and severe disappointment set-in when we said no we will see what happens in the market and look to complete further exchanges at a lower price. I think Silver Point will call Salim on Monday. Not sure what Front Four will do. Enjoy the rest of the long weekend. I will be out of pocket for most of the day now.

Thanks,
PDS

Sent from my iPad

> On Jul 3, 2015, at 9:07 AM, Cockrell, Kete <Kete.Cockrell@rbccm.com> wrote:

>

> My cell is 917 561 3480.

>

>

> D. Kete Cockrell,II

> Managing Director

> Head of High Yield Capital Markets

> RBC Capital Markets, LLC

> Three World Financial Center

> 200 Vesey Street, 10th Floor

> New York, NY 10281-8098

> (P) 212-618-2209

>

> ----- Original Message -----

> From: Peter Scott [mailto:pscott@lightstreamres.com]

> Sent: Friday, July 03, 2015 10:30 AM

> To: Cockrell, Kete; John Wright <wright@lightstreamres.com>

> Cc: Mawani, Salim

> Subject: Re: Can we talk with you for a quick 15 minutes real quick this mng?

>

> Sounds good, John and I have our first call on this in 40 minutes. I have included John on this email in case he wants to join. Can you send us a dial-in?

> Thanks,

> PDS

>

> Sent from my iPad

>

>> On Jul 3, 2015, at 7:19 AM, Cockrell, Kete <Kete.Cockrell@rbccm.com> wrote:

>>

>> We had a couple of other thoughts on messaging here to accts and would like to discuss with you before you have a chance to have any other dialogue with people that may be calling you post the announcement last night.

>>

>>

>> D. Kete Cockrell, II

>> Managing Director

>> Head of High Yield Capital Markets

>> RBC Capital Markets, LLC

>> Three World Financial Center

>> 200 Vesey Street, 10th Floor

>> New York, NY 10281-8098

>> (P) 212-618-2209

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TAB 20

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Loukas

A. We agree that it was a transaction that enhanced their liquidity.