

COURT FILE NUMBER

1601 - 12571

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD, LTS RESOURCES PARTNERSHIP, 1863360 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP

APPLICANTS

LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD AND 1863360 ALBERTA LTD

PARTIES IN INTEREST

LTS RESOURCES PARTNERSHIP AND BAKKEN RESOURCES PARTNERSHIP

DOCUMENT

SUPPLEMENTAL AFFIDAVIT (CCAA INITIAL ORDER)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**BLAKE, CASSELS & GRAYDON LLP**

Barristers and Solicitors

3500 Bankers Hall East

855 – 2<sup>nd</sup> Street SW

Calgary, Alberta T2P 4J8

Attention: Kelly Bourassa / Milly Chow

Telephone No.: 403-260-9697 / 416-863-2594

Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) / [milly.chow@blakes.com](mailto:milly.chow@blakes.com)

Fax No.: 403-260-9700

File: 89691/8

**AFFIDAVIT OF PETER D. SCOTT**

**Sworn on September 23, 2016**

I, PETER D. SCOTT, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Senior Vice President and Chief Financial Officer of Lightstream Resources Ltd. ("**Lightstream**" or "**LTS**"). Lightstream is the parent company to 1863359 Alberta Ltd. ("**1863359**"), 1863360 Alberta Ltd. ("**1863360**" and together with LTS and 1863359, collectively, the "**Applicants**"), LTS Resources Partnership ("**LTS Partnership**") and Bakken Resources Partnership (the "**Bakken Partnership**" and together with LTS Partnership, the "**Partnerships**"). The Applicants and the Partnerships are collectively referred to herein as the "**Lightstream Group**"). I am also a director of 1863359 and 1863360. As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.
2. This Affidavit is supplemental to my Affidavit sworn September 21, 2016 (the "**Initial Order Affidavit**"), previously filed in this Action.
3. Capitalized terms used but not defined herein have the meaning ascribed to them in the Initial Order Affidavit.

**I. THE SECURED NOTEHOLDER CREDIT BID**

4. As set out in the Initial Order Affidavit beginning at paragraph 112, the Lightstream Group has been negotiating a form of asset purchase agreement in connection with the Secured Noteholder Credit Bid. Pursuant to a letter to LTS dated September 23, 2016 (the "**Letter**") from counsel for the *Ad Hoc* Committee of Secured Noteholders, counsel for the *Ad Hoc* Committee of Secured Noteholders confirmed, among other things, that (i) Lightstream Acquisition Resources Corp. ("**Acquisition Co**") has been formed for the purposes of making the Secured Noteholder Credit Bid, (ii) pursuant to a direction letter dated September 22, 2016, the *Ad Hoc* Committee of Secured Noteholders have directed the Trustees under the Secured Notes, and the Trustees have agreed, to pursue the Secured Noteholder Credit Bid and have appointed Acquisition Co as agent and attorney-in-fact of the Trustees in order to execute all duties with respect to the making of the Secured Noteholder Credit Bid, (iii) the intention of Acquisition Co is to submit a

definitive credit bid for the assets of the Lightstream Group pursuant to a definitive form of APA that will be submitted to the Lightstream Group as soon as possible before the Phase I Bid Deadline (as defined in the Sale Procedures). Attached hereto and marked as Exhibit "A" is a redacted copy of the Letter.

## II. EXTENSION OF TIME FOR THE ANNUAL GENERAL MEETING

5. Pursuant to section 132(1)(a) of the *Business Corporations Act*, RSA 2000, c B-9, as amended ("**ABCA**"), LTS is required to hold its annual general meeting ("**AGM**") within 15 months of its last preceding AGM.
6. The last AGM of the Shareholders was held on May 14, 2015 and, accordingly, LTS was required to hold its next AGM on or before August 14, 2016. On August 5, 2016, the Honourable Justice C.M. Jones granted an Interim Order (the "**Interim Order**") in the Arrangement Proceedings, which, among other things, extended the time by which LTS must hold the 2016 AGM to on or before September 30, 2016. Attached hereto and marked as Exhibit "**B**" is a copy of the Interim Order.
7. According to the proxy tabulation report (the "**Proxy Report**") from Computershare dated September 23, 2016, proxies have been received for just over 12% of the eligible votes for the AGM scheduled for September 30, 2016. LTS requires that 25% of eligible votes be in attendance, in person or by proxy at the AGM to achieve a quorum. Attached hereto and marked as Exhibit "**C**" is a copy of the Proxy Report.
8. Based on the Proxy Report, it is not clear that LTS will have quorum to hold the AGM on September 30, 2016 and, pursuant to the terms of the LTS by-laws and the Interim Order, in the event that quorum is not obtained for the AGM, LTS will need to reschedule the AGM to a later date.
9. In order to reduce LTS' expenses and permit the Lightstream Group and its management to focus on the CCAA process, including the Sale Procedures, LTS is of the view that it would be appropriate, subject to the approval of this Court, to further postpone the AGM to a date no later than March 31, 2017, at which time LTS and the rest of the Lightstream

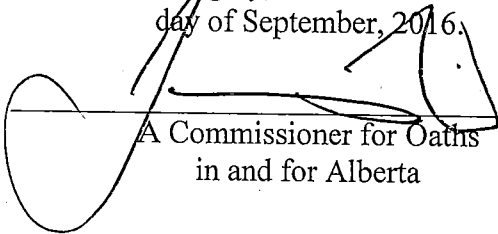
Group expects to have greater clarity regarding the restructured ownership interests in the Lightstream Group and its ability to continue as a going concern.

10. I do not believe that the shareholders of LTS will suffer any prejudice should the calling of the AGM be so postponed since:
  - (a) there is no business to be put before the AGM other than the usual matters of placing financial statements before Shareholders, election of auditors and election of directors;
  - (b) the consolidated audited financial statements for the year ended December 31, 2015 and accompanying management's discussion and analysis were mailed to Shareholders on April 5, 2016 and have been filed under LTS' profile on SEDAR;
  - (c) the Shareholders are, and will continue to be kept, apprised on a timely basis of material developments affecting LTS and the Lightstream Group through the issuance of press releases and by way of filings with the Court in these proceedings and the posting of materials on the Monitor's website;
  - (d) given the low number of proxies received to date, it is possible that the AGM scheduled for September 30, 2016 would have to be adjourned to a later date for want of quorum in any event; and
  - (e) the proposed form of Order granting the extension of time for LTS to hold its AGM provides leave to any person, entity or party affected by the Order to apply to the Court for a further Order vacating, substituting, modifying or varying the terms of the Order, with such application to be brought on notice to the Lightstream Group in accordance with the Alberta *Rules of Court*.


**III. CONCLUSION**

11. I swear this Affidavit in support of an Order substantially in the form attached hereto as Exhibit "D" relieving LTS until March 31, 2017 of its obligation under section 132 of the ABCA to call an AGM of Shareholders not later than 15 months after holding the last preceding AGM and for no other purpose.

SWORN (OR AFFIRMED) BEFORE ME )  
at Calgary, Alberta this 23<sup>rd</sup> )  
day of September, 2016. )  
\_\_\_\_\_)  
A Commissioner for Oaths )  
in and for Alberta )  
)

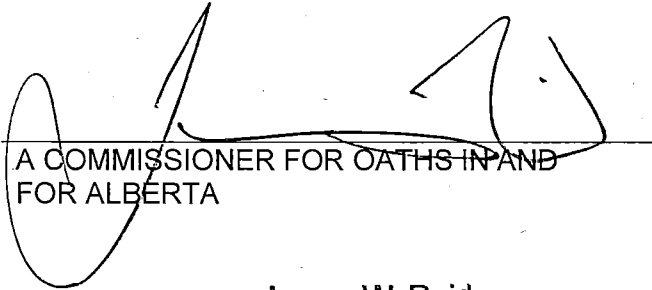


**James W. Reid**  
Barrister & Solicitor



**PETER D. SCOTT**

This is Exhibit "A" referred to in the Affidavit of  
Peter D. Scott sworn before me this 23rd day of  
September A.D. 2016



A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

**James W. Reid**  
Barrister & Solicitor

September 23, 2016

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

**Attention: Peter Scott and Annie Belecki**

Dear Sirs/Mesdames:

**Re: Lightstream Resources Ltd.**

As you are aware, we represent an *ad hoc* committee (the “**Ad Hoc Committee**”) of holders (“**Noteholders**”) of 9.875% Second Priority Senior Secured Notes Due 2019 (the “**Notes**”) issued under that certain Indenture dated as of July 2, 2015 (the “**Indenture**”) among Lightstream Resources Ltd. (“**Lightstream**”), 1863359 Alberta Ltd. (“**1863359**”), 1863360 Alberta Ltd. (“**1863360**”), Bakken Resources Partnership, and LTS Resources Partnership (collectively, the “**Lightstream Entities**”), each as Subsidiary Guarantors, and U.S. Bank National Association, as Trustee (“**Trustee**”), and Computershare Trust Company of Canada, as Canadian Trustee and Collateral Agent (the “**Collateral Agent**” and together with the Trustee, the “**Trustees**”).

The members of the Ad Hoc Committee are funds and accounts managed by Apollo Capital Management L.P. and its affiliates, and funds advised by GSO Capital Partners L.P. or its affiliates, who collectively hold approximately 92% of the outstanding principal amount of the Notes. The members of the Ad Hoc Committee are leading asset management firms with significant funds under management, and are long-standing institutional investors of Lightstream. We also represent Lightstream Acquisition Resources Corp. (“**Acquisition Co**”), which has been formed for purposes of making the Credit Bid, as defined and discussed below.

Reference is hereby made to (i) the Originating Application of Lightstream, 1863359 and 1863360 (collectively, the “**CCAA Applicants**”) seeking an order (the “**Initial Order**”) of the Court of Queen’s Bench of Alberta (the “**Court**”), *inter alia*, granting protection to the CCAA Applicants and certain of their subsidiaries under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and approving the proposed sale procedures in respect of the Lightstream Entities’ assets and businesses substantially in the form attached as Appendix “A” to the draft Initial Order (the “**Sale Procedures**”).

Reference is hereby also made to the direction letter dated September 22, 2016 (the “**Direction Letter**”) among the members of the Ad Hoc Committee, the Trustees and Acquisition Co., a copy of which is enclosed, pursuant to which the members of the Ad Hoc Committee have

directed the Trustees, and the Trustees agree, to: (a) pursue a credit bid of the full amount of the Notes (including principal, interest and any other amounts due in respect of the Notes) and provide other consideration to acquire the Collateral (as such term is defined in the Indenture and pursuant to the terms and conditions of the Sale Procedures and the Credit Bid APA (as defined below)), being all of the assets, property and undertakings of the Lightstream Entities (the "Credit Bid"); and (b) appoint Acquisition Co as agent and attorney-in-fact of the Trustees in order to execute all duties with respect to the making of the Credit Bid. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Sale Procedures.

The purpose of this letter is to confirm that, pursuant to the Direction Letter, the Ad Hoc Committee, through Acquisition Co, intends to submit the Credit Bid through a definitive Asset Purchase Agreement that is being developed and that will be submitted to the Applicants pursuant to the Sale Procedures (the "Credit Bid APA"). Pursuant to the Credit Bid APA, Acquisition Co will offer, on the terms and conditions to be set forth in the Credit Bid APA, and pursuant to the Sale Procedures (assuming such Sale Procedures are approved in a form acceptable to the Ad Hoc Committee), to acquire substantially all of the Lightstream Property, in the event that the Sale Procedures do not produce a Qualified Indication of Interest or Qualified Bid. Pursuant to the Indenture and the Direction Letter, Acquisition Co has full authority to make the Credit Bid for and on behalf of all the Noteholders.

Pursuant to the Credit Bid APA, the purchase price for the Credit Bid will be comprised of (i) the amount required to fully satisfy and discharge First Lien Debt, which shall be satisfied by the proceeds of the new revolving credit facility (the "New Credit Facility") in favour of Acquisition Co pursuant to that certain commitment letter dated August 26, 2016 among Lightstream and certain lenders party thereto (the "Commitment Letter"), which is fully committed, (ii) liabilities to be assumed by Acquisition Co in accordance with the terms of the Credit Bid APA and (iii) the full amount of the Second Lien Notes Debt (including principal, interest and any other amounts due in respect of the Notes), by way of full and final cancellation of the Notes. In accordance with the proposed Sale Procedures, Acquisition Co will not increase the consideration of the Credit Bid at any time and the members of the Ad Hoc Committee will not pursue any sale proposal other than the Credit Bid.

In order to complete the Credit Bid, Acquisition Co will require approval under the *Investment Canada Act*, R.S.C. 1985, c. 28 (1<sup>st</sup> Supp.) (the "Investment Canada Act") that the transactions contemplated by the Credit Bid are, or are deemed to be, of a net benefit to Canada (the "Industry Canada Approval"), and is in the process of submitting an application to the Minister under the Investment Canada Act for the Industry Canada Approval. Given, the nature of the Lightstream Entities' business, Acquisition Co will also require certain permits and licenses in connection with the transfer and operation of the Lightstream Property to and by Acquisition Co. Acquisition Co does not expect any impediment for obtaining any such approvals and requirements in order to close the Credit Bid on or prior to the Outside Closing Date.



As part of the Credit Bid, Acquisition Co expects that it will make offers of employment to all or substantially all of the Lightstream Entities' existing employees. Acquisition Co will assume the obligations of the Lightstream Entities under executory contracts and unexpired leases in the manner to be set forth in the Credit Bid APA, and expects to determine what contracts, if any, it will not assume as it continues its review of information provided by the Lightstream Entities, and in accordance with the timelines to be established in the Sale Procedures.

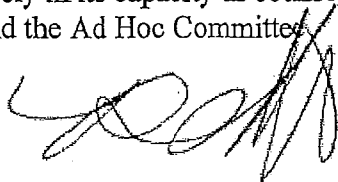
Acquisition Co and the Ad Hoc Committee rely solely upon their own independent review, investigation and inspection of Lightstream Property and any available documents in connection with the Credit Bid, and do not rely on any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise) regarding the Lightstream Property or the completeness of any information provided in connection therewith, except as may be set forth in the Credit APA. Acquisition Co and the members of the Ad Hoc Committee are sophisticated parties capable of making their own assessments in respect of the Credit Bid and have the benefit of independent legal advice in connection therewith.

Acquisition Co's principal advisors in the matter include the law firm of Goodmans LLP and the BMO Nesbitt Burns Inc. We look forward to continuing to work with you and your advisors to develop, finalize and formally submit the Credit Bid and the Credit Bid APA as soon as possible before the Phase I Bid Deadline.

Yours truly,

**Goodmans LLP**

solely in its capacity as counsel to Lightstream Resources Acquisition Corp.  
and the Ad Hoc Committee



Brendan O'Neill

Enclosures:

1. Direction Letter

cc: BMO Nesbitt Burns Inc. (*Glenn Sauntry & Mark Caiger*)  
Blake, Cassels & Graydon LLP (*Kelly Bourassa & Milly Chow*)  
TD Securities Inc. (*Ruben Contreras & Michael Charron*)  
FTI Consulting Canada Inc. (*Deryck Helkaa*)

September 22, 2016

U.S. Bank National Association  
1420 5<sup>th</sup> Avenue, 7<sup>th</sup> Floor  
Seattle, WA 98101

Computershare Trust Company of Canada  
510 Burrard Street, 3<sup>rd</sup> Floor  
Vancouver, BC  
Attention: General Manager, Corporate Trust

RE: Letter of Direction

To Whom It May Concern:

The undersigned Noteholders (the “**Directing Noteholders**”) hold certain 9.875% Second Priority Senior Secured Notes Due 2019 (the “**Notes**”) issued under that certain Indenture, dated as of July 2, 2015, among Lightstream Resources Ltd. (“**Lightstream**”), 1863359 Alberta Ltd. (“**1863359**”), 1863360 Alberta Ltd. (“**1863360**”), Bakken Resources Partnership (“**Bakken**”), and LTS Resources Partnership (“**LTS**”), each as Subsidiary Guarantors and U.S. Bank National Association, as Trustee (“**Trustee**”), and Computershare Trust Company of Canada, as Canadian Trustee and Collateral Agent (the “**Collateral Agent**” and together with the Trustee, the “**Trustees**”) (as amended, modified, supplemented or otherwise in effect from time to time, the “**Indenture**”). Reference is also hereby made to (i) certain Demand Debentures dated July 2, 2015 between the Collateral Agent and each of Lightstream, 1863359, 1863360, Bakken and LTS, (ii) that certain Intercreditor and Priority Agreement dated July 2, 2015 among The Toronto-Dominion Bank (“**TD Bank**”), the Collateral Agent, Lightstream, 1863359, 1863360, Bakken and LTS, and (iii) that certain Second Forbearance Agreement dated September 15, 2016 among TD Bank, Lightstream, 1863359, 1863360, Bakken, LTS and certain other lenders (the “**Forbearance Agreement**”, and collectively, the “**Loan Documents**”). Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

As evidenced on their signature pages hereto, as of the date hereof the Directing Noteholders, collectively, hold a majority of the aggregate principal amount of the total Notes outstanding under the Indenture.

Lightstream and certain of its direct and indirect subsidiaries (collectively, the “**Debtors**”) commenced insolvency proceedings (the “**CCAA Proceedings**”) in Canada in the Court of Queen’s Bench of Alberta, Judicial District of Calgary, Alberta (the “**CCAA Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”), on September 22, 2016. Under the Indenture, the voluntary commencement of the CCAA Proceedings constitutes another Event of Default (in addition to the existing Events of Default under the Indenture), which triggers certain automatic remedies and permit the commencement of certain other remedies provided for under the Indenture and at law.

As part of its application materials filed on September 22, 2016, Lightstream is seeking Court approval of certain sale procedures (the “**Sale Procedures**”) that will permit credit bidding by holders of the Notes (or their agent).

Each of the Directing Noteholders hereby directs both of you, in your respective capacities as Trustee and Canadian Trustee and Collateral Agent under the Indenture and the other Loan Documents, pursuant to the exercise of remedies provisions in, *inter alia*, Sections 6.02, 6.03 and 6.05 of the Indenture (and Section 2(c) of the Forbearance Agreement) to credit bid pursuant to the Sale Procedures the full amount of the Notes (including principal and any outstanding interest and other amounts due in respect of the Notes) in order to acquire all or any portion of the Collateral at any sale thereof pursuant to the Sale Procedures.

In addition, each Directing Noteholder hereby further directs both of you, in your respective capacities as Trustee and Canadian Trustee and Collateral Agent under the Indenture and the other Loan Documents, pursuant to Sections 6.02, 6.03 and 6.05 of the Indenture, to appoint Lightstream Resources Acquisition Corp. (the "**Agent**") as your exclusive agent and attorney-in-fact in order to execute the duties described herein and directed hereby, as well as those duties incidental thereto, in each case with respect to the making of such credit bid. By your countersignatures hereunder, the Trustees, in reliance on the direction provided herein, appoint the Agent as their exclusive agent and attorney-in-fact with respect to the making of such credit bid, and the Agent hereby accepts such appointment. Pursuant to the foregoing, the Agent, in its capacity as an agent of the Trustees, shall be entitled, and the Noteholders hereby direct the Trustees to permit the Agent, to credit bid without any further action on the part of the Trustees. The Directing Noteholders, the Trustees and the Agent acknowledge and agree that if the credit bid is successful whereby the Agent acquires all or substantially all of the Collateral pursuant to the Sale Procedures, the Agent will issue common shares on the closing of the transactions contemplated by the credit bid (the "**Closing**") to all of the Noteholders under the Indenture to reflect their pro rata ownership of the aggregate principal amount of the Notes held by all Noteholders as of the date thereof, all pursuant to a form of subscription agreement which shall be reasonably satisfactory to the Trustee.

Notwithstanding the foregoing, such agency may be terminated at any time by the Directing Noteholders, the Trustees or Agent in accordance with the Indenture and applicable law; provided that such termination shall not alter, amend or limit the rights or ability of the Directing Noteholders to provide a subsequent direction letter to the Trustees with respect to the making of a credit bid or otherwise. Each of the Trustees shall have fully complied with all obligations set forth in this Letter of Direction upon the appointment of Agent as set forth in the preceding paragraph and shall have no further obligations, responsibility or liability under or in connection with this Letter of Direction, any credit bid or any transactions related to or arising in connection with such credit bid, including the issuances of shares by the Agent to the Noteholders.

Each Directing Noteholder, on behalf of itself and its successors and assigns, hereby agrees (severally and not jointly, and up to its Pro Rata Share (as defined below)) to, and shall, indemnify each of the Trustees in its capacity as such and the Agent (in its capacity as an agent thereof) and each of their respective Affiliates, officers, directors, employees, agents and advisors (each, an "**Indemnified Person**") (to the extent not reimbursed by the Noteholders under the Indenture and without limiting the obligation of the Noteholders under the Indenture to do so), ratably according to their respective Pro Rata Share (as defined below) of the Notes held on the date on which indemnification is sought hereunder (or, if indemnification is sought after

the date upon which the Notes shall have terminated or have been paid in full, ratably in accordance with such Pro Rata Share of the Notes immediately prior to such date), for, and to save each Indemnified Person harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever (including, without limitation, reasonable counsel fees, charges and disbursements) that may at any time (including, without limitation, at any time following the repayment of the Notes) be imposed on, incurred by or asserted against such Indemnified Person in any way relating to or arising out of this Letter of Direction, any credit bid or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted to be taken by such Indemnified Person under or in connection with any of the foregoing or otherwise at the request or direction of the Directing Noteholders; provided that no Directing Noteholder shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted directly from such Indemnified Person's gross negligence or willful misconduct. This indemnity shall survive the payment, discharge, release, sale or transfer of the Notes and all other amounts payable under the Indenture and the other Loan Documents. As used herein, the term "Pro Rata Share" shall be determined based on such Directing Noteholder's share of the aggregate principal amount of the Notes held by all Directing Noteholders as of the applicable date of determination. The Agent agrees to indemnify and save the Trustees jointly and severally with the Directing Noteholders from and against any and all of the liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever described above, provided that the Agent shall not be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted directly from the Trustees' gross negligence or willful misconduct.

The indemnity authorized herein shall be in addition to any other remedies, relief or indemnification available to each Indemnified Person. The rights and remedies conferred hereunder shall be cumulative and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of additional rights or remedies or the subsequent exercise of such right or remedy. The Directing Noteholders hereby acknowledge and agree that the Trustees reserve all rights and remedies under the Indenture and any related documents, at law, and in equity, including the right to object to the form of any proposed order relating to the subject matter of this Direction Letter.

Any action taken or omitted to be taken by any Trustee in its capacity as such or the Agent (in its capacity as an agent thereof) in reliance on this Letter of Direction shall be entitled to the limitations of liability, exculpations, reimbursements, indemnities and other protections set forth in the Indenture.

Without limiting the foregoing, (i) each Directing Noteholder hereby agrees that no Indemnified Person shall be liable as a result of such Indemnified Person's taking any of the actions directed herein or otherwise acting or refraining from acting, in each case in furtherance thereof or in

furtherance of the direction provided herein and (ii) each Directing Noteholder hereby agrees that it shall not assert, and each hereby irrevocably and conclusively waives for all time, any claim against the Indemnified Persons for special, indirect, consequential or punitive damages in connection with the transactions contemplated hereby.

The Trustees shall have no responsibility to communicate with or accept instructions from any individual member of the Directing Noteholders with respect to the credit bid, but rather will be and hereby are fully authorized to act upon any communication from Goodmans LLP ("Goodmans") in its capacity as counsel to the Directing Noteholders.

The Directing Noteholders acknowledge that the outstanding amounts owed under the Notes will be reduced to nil upon the Closing, and the Directing Noteholders hereby direct the Trustees on Closing to use reasonable efforts to cause The Depository Trust Company ("DTC") to reduce the aggregate outstanding amount of all of the Notes reflected in DTC's books and records to nil upon the Closing.

The Directing Noteholders acknowledge and agree that: (a) they have been represented by Goodmans in this matter and that they have relied exclusively upon the legal advice of Goodmans and not upon any legal advice of the Trustees or their legal counsel, (b) they have conducted their own due diligence with respect to transactions contemplated by the credit bid, the organization of the Agent and all other matters relating thereto and are not relying upon any information provided to them by the Trustees or their legal counsel, and (c) they expressly authorize the Trustees to follow this Direction Letter without further act or investigation and on this basis the Trustees are and shall be fully authorized by the Directing Noteholders to take each such action and entitled to all of the protections of the indemnities contained herein in connection therewith.

The Directing Noteholders acknowledge and agree that the court order approving the credit bid shall expressly provide that the Trustees shall be paid in cash by Lightstream at or before the Closing for all of the Trustees' reasonable fees and expenses incurred through the Closing, including, without limitation, reasonable fees for extraordinary time and services and counsel and advisory fees and expenses, due and owing to the Trustees under and in accordance with the terms of the Indenture and the Security Documents, and that nothing contained in this Direction Letter or the said court order shall be deemed to release, waive or otherwise limit the Trustees' charging lien under the Indenture.

The Directing Noteholders acknowledge and agree that any and all reasonable fees and expenses of the Trustees that arise subsequent to the Closing, including counsel and advisory fees and expenses, if not paid by Lightstream, shall be paid by the Agent promptly upon the receipt of invoices for such fees and expenses, and shall be subject to the indemnities contained herein.

The Directing Noteholders hereby represent and warrant severally but not jointly that this Direction Letter and the indemnities contained herein have been duly authorized, executed and delivered on each of their respective behalves and constitutes their legal, valid and binding obligations enforceable in accordance with their terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or other similar laws affecting creditors' rights generally

and (ii) general principles of equity; and hereby waives any defenses based upon the invalidity of such representations and warranties.

The Trustees hereby are further directed, in addition to the foregoing, to take such additional action and execute such additional agreements, instruments or other documents as the Directing Noteholders may from time to time in writing direct in connection with the transactions contemplated by the credit bid (each, an "*Additional Direction*"). Additional Directions shall be subject to the terms of this Direction Letter, including the indemnities contained herein. The Trustees may rely on and act upon any Additional Direction delivered to the Trustees by Goodmans and need not inquire as to the due authorization thereof.

Each Directing Noteholder represents and warrants that it is a holder of (or has sole voting and investment discretion, including discretionary authority to manage or administer funds, with respect to) Notes in the principal amount set forth on its signature page hereto and that it has the power and authority to direct the Trustees (together with the other Directing Noteholders) to take the actions with respect thereto as are specified herein. The Trustee shall maintain the confidentiality of the identity and holdings of the Directing Noteholders.

Each Directing Noteholder hereby agrees that if it transfers all or any portion of its claims evidenced by the Notes to any other person or entity, it shall (i) either (a) cause the transferee to execute a joinder agreement reasonably satisfactory to the Trustees whereby it acknowledges the terms of this Direction Letter, and agrees to be bound by the terms and conditions of this Direction Letter (including the indemnities contained herein), or (b) remain liable for all indemnity obligations under this Direction Letter, and (ii) promptly provide notice of such transfer to the Trustees.

Nothing in this Letter of Direction shall alter, limit or waive any rights, remedies, limitations of liability, exculpations, reimbursements, indemnities and other protections of the Indemnified Persons or any agent thereof under the Indenture or the other Loan Documents, all of which are hereby reserved.

If any provision of this Letter of Direction is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Letter of Direction will remain in full force and effect. Any provision of this Letter of Direction held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

This Letter of Direction may be executed in any number of counterparts, each of which, when taken together, shall constitute an original. Facsimile or electronically transmitted signature pages shall constitute originals for all purposes.

EACH DIRECTING NOTEHOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION, OR IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS LETTER OF DIRECTION OR

THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

This Letter of Direction shall be construed in accordance with and governed by the laws of the State of New York. Each Directing Noteholder irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of any New York State or United States Federal court sitting in New York County for any action, suit, or proceeding arising out of or based upon this Letter of Direction or any matter relating to it, and waives any objection that it may have to the laying of venue in any such court or that such court is an inconvenient forum or does not have personal jurisdiction over it.

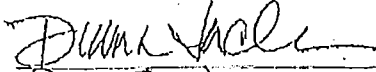
No term or provision of this Letter of Direction may be amended, modified or waived without the prior written consent of all parties hereto.

cc: **Lightstream Resources Acquisition Corp.**  
1800 – 510 West Georgia Street  
Vancouver, BC V6B 0M3

**c/o Goodmans LLP**  
333 Bay Street, Suite 3400  
Toronto, Ontario  
M5H 2S7  
Attention: Brendan D. O'Neill

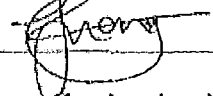
Agreed and Accepted:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By:   
Name: Dana Jacobs  
Title: Vice President

COMPUTERSHARE TRUST COMPANY OF  
CANADA, as Canadian Trustee and Collateral  
Agent

By:   
Name: Jill Dunn  
Title: Corporate Trust Officer

By:   
Name: Jennifer Lesley Wong  
Title: Associate Trust Officer



Agreed and Accepted:

**LIGHTSTREAM RESOURCES  
ACQUISITION CORP., as Agent**

By: 

\_\_\_\_\_  
Name: Michael Tu

Title: Director

6613582

STRICTLY CONFIDENTIAL

Yours very truly,

**Principal Amount of Notes Held:**

**STRICTLY CONFIDENTIAL**

Yours very truly,

**Principal Amount of Notes Held:**

STRICTLY CONFIDENTIAL

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Principal Amount of Notes Held:
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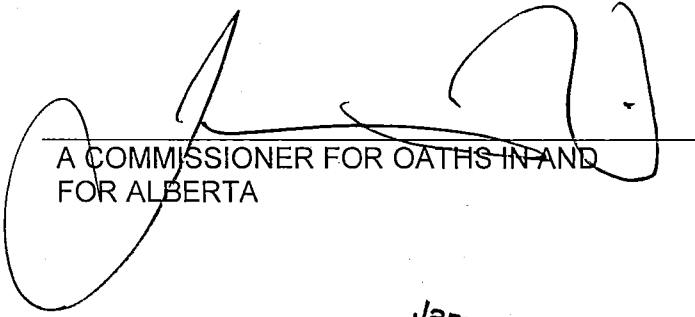
Per:

Principal Amount of Notes set forth on the attached schedule.

[Signature Page to Second Lien Letter of Direction]

STRICTLY CONFIDENTIAL

This is Exhibit "B" referred to in the Affidavit of  
Peter D. Scott sworn before me this 23rd day of  
September A.D. 2016

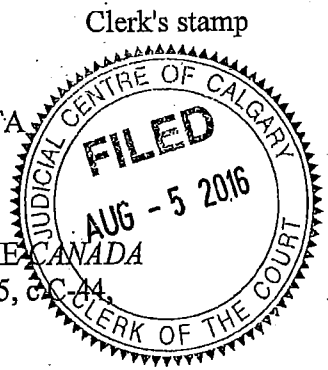


A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

*James W. Reid*  
Barrister & Solicitor



COURT FILE NUMBER 1601 - 08725  
 COURT COURT OF QUEEN'S BENCH OF ALBERTA  
 JUDICIAL CENTRE CALGARY  
 MATTER IN THE MATTER OF SECTION 192 OF THE CANADA  
*BUSINESS CORPORATIONS ACT*, RSC 1985, c C-44,  
 AS AMENDED



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

APPLICANTS Lightstream Resources Ltd. and 9817158 Canada Ltd.  
 RESPONDENT Not Applicable  
 DOCUMENT INTERIM ORDER  
 ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BLAKE, CASSELS & GRAYDON LLP**  
 Barristers and Solicitors  
 3500 Bankers Hall East  
 855 - 2<sup>nd</sup> Street SW  
 Calgary, Alberta T2P 4J8

I hereby certify this to be a true copy of  
 the original Order  
 dated this 5 day of August 2016  
 for Clerk of the Court [Signature]

Attention: Kelly Bourassa / Milly Chow  
 Telephone No.: 403-260-9697  
 Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) / [milly.chow@blakes.com](mailto:milly.chow@blakes.com)  
 Fax No.: 403-260-9700

**DATE ON WHICH ORDER WAS PRONOUNCED:** August 5, 2016  
**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable Justice C.M. Jones  
**LOCATION OF HEARING:** Calgary, Alberta

UPON the application (the "**Application**") of Lightstream Resources Ltd. ("**LTS**") and 9817158 Canada Ltd. ("**ArrangeCo**", and together with LTS, the "**Applicants**") for an Order (the "**Interim Order**") pursuant to Section 192 of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the "**CBCA**") in connection with a proposed arrangement under Section 192 involving the Applicants;

AND UPON reading the Application, the affidavit of Peter D. Scott, sworn July 12, 2016 (the "**Preliminary Interim Order Affidavit**"), the affidavit of Peter D. Scott, sworn July 28, 2016 (the "**Interim Order Affidavit**") and the documents referred to therein, including a draft management information circular;

AND UPON hearing submissions from counsel for the Applicants, counsel for the *Ad Hoc* Committee of Secured Noteholders (as defined below), and counsel to certain Unsecured Noteholders (as defined below);

AND UPON being satisfied that the Applicants have complied with the statutory requirements of the CBCA, including being advised that notice of this Application has been given to the Director (the "**Director**") appointed under section 260 of the CBCA and that the Director takes no position and does not consider it necessary to appear in person or by counsel at the hearing of this Application;

**FOR THE PURPOSES OF THIS ORDER:**

- (a) The capitalized terms not defined in this Interim Order shall have the meanings attributed to them in the management information circular of LTS (the "**Information Circular**"), a draft copy of which is attached as Exhibit "B" to the Interim Order Affidavit; and
- (b) All references to "**Arrangement**" used herein mean the plan of arrangement as described in the Interim Order Affidavit and in substantially the same form attached as Appendix "H" of the Information Circular.

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

1. The time for service of the notice of Application for this Interim Order is hereby abridged and deemed good and sufficient and this Application is properly returnable today.

**General**

2. LTS shall, in the manner set forth below, seek approval of the Arrangement by the (i) holders of 9.875% secured second lien notes maturing on June 15, 2019 (the "**Secured**

Notes", and the holders, the "Secured Noteholders"), (ii) holders of 8.625% unsecured notes maturing on February 1, 2020 (the "Unsecured Notes", and the holders, the "Unsecured Noteholders" and together with the Secured Noteholders, the "Noteholders"), and (iii) holders of common shares of LTS (the "Common Shares", and the holders, the "Shareholders", and together with the Noteholders, the "Security Holders").

3. LTS is relieved until September 30, 2016 of its obligation under Section 132 of the *Business Corporations Act* (Alberta), RSA 2000, c B-9, as amended (the "ABCA") to call an annual meeting of Shareholders not later than 15 months after holding the last preceding annual meeting of Shareholders.

#### Meetings of Noteholders

##### Calling and Conduct

4. LTS shall call and conduct (i) a special meeting of Secured Noteholders (the "Secured Noteholders' Meeting") at 10:00 a.m. (Calgary Time) on September 13, 2016 at Eighth Avenue Place, 4<sup>th</sup> Floor, 525 - 8th Avenue SW, Calgary, Alberta, T2P 1G1 ("Eighth Avenue Place"), and (ii) a special meeting of Unsecured Noteholders (the "Unsecured Noteholders' Meeting" and together with the Secured Noteholders' Meeting, the "Noteholders' Meetings") at 10:30 a.m. (Calgary Time) on September 13, 2016 at Eighth Avenue Place.
5. At each of the Noteholders' Meetings, the respective Noteholders will consider and vote on a special resolution to approve the Arrangement, substantially in the form set forth in Appendix "B" to the Information Circular (respectively, the "Secured Noteholders' Arrangement Resolution" and the "Unsecured Noteholders' Arrangement Resolution"), and such other business as may properly be brought before each of the Noteholders' Meetings, or any adjournment or postponement thereof, all as more particularly described in the Information Circular.
6. The Chair of each of the Noteholders' Meetings shall be any officer or director of LTS (the "Meetings Chair").

7. The Secretary of each of the Noteholders' Meetings shall be Annie Belecki or, in her absence, a person (who need not be an officer or employee of the Applicants) selected for that purpose by the Meetings Chair (the "Meetings Secretary"), provided that the Meetings Secretary shall be entitled to retain others to assist in the performance of its duties. The Meetings Secretary shall be responsible for maintaining, or causing to be maintained, the records and proceedings of each of the Noteholders' Meetings.
8. A quorum at each of the Noteholders' Meetings shall be at least two of the Noteholders entitled to vote at each such Noteholders' Meeting, present in person or represented by proxies.
9. If within 30 minutes from the time appointed for any of the Noteholders' Meetings a quorum is not present, such Noteholders' Meeting shall stand adjourned to a date as may be determined by the Meetings Chair. No notice of an adjourned Noteholders' Meeting shall be required and, if at such adjourned Noteholders' Meeting a quorum is not present, the Noteholders present and entitled to vote at such adjourned Noteholders' Meeting in person or represented by duly-appointed proxy shall constitute a quorum for all purposes.
10. In addition to adjournments of any Noteholders' Meetings pursuant to paragraph 9 hereof, the Meetings Chair is authorized to adjourn or postpone each of the Noteholders' Meetings, on one or more occasions (whether or not a quorum is present) and for such period or periods of time as the Meetings Chair deems advisable, without the necessity of first convening such Noteholders' Meeting or first obtaining any vote of the applicable Noteholders in respect of the adjournment or postponement. Notice of such adjournment or postponement to the applicable Noteholders may be given by such method as LTS determines is appropriate in the circumstances. This provision shall not limit the authority of the Meetings Chair in respect of any adjournment or postponement of any Noteholders' Meetings. If any of the Noteholders' Meetings are adjourned or postponed in accordance with this Interim Order, all references to such Noteholders' Meeting(s) in this Interim Order shall be deemed to be such Noteholders' Meeting(s) as adjourned or postponed as the context allows.

11. Each of the Noteholders' Meetings shall be called, held and conducted in accordance with the applicable provisions of the CBCA, the articles and by-laws of LTS in effect at the time of such Noteholders' Meetings, the terms of the Information Circular, the rulings and directions of the Meetings Chair and this Interim Order, or any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Interim Order and the CBCA or articles or by-laws of LTS, the terms of this Interim Order shall govern.
12. The following persons are entitled to attend and speak at the Secured Noteholders' Meeting:
  - (a) any of the Secured Noteholders, duly-appointed proxy holders and their authorized representatives and advisors, including legal counsel and financial advisors to the *ad hoc* committee of Secured Noteholders (the "***Ad Hoc Committee of Secured Noteholders***");
  - (b) any collateral agent, indenture trustee or similar person in respect of the Secured Notes; and
  - (c) such other person(s) who may be permitted to attend by the Meetings Chair.
13. The following persons are entitled to attend and speak at the Unsecured Noteholders' Meeting:
  - (a) any of the Unsecured Noteholders, duly-appointed proxy holders and their authorized representatives and advisors;
  - (b) any collateral agent, indenture trustee or similar person in respect of the Unsecured Notes; and
  - (c) such other person(s) who may be permitted to attend by the Meetings Chair.
14. The following persons are entitled to attend and speak at both Noteholders' Meetings:

- (a) the Applicants' directors, officers and auditors, and the Applicants' authorized representatives and advisors, including legal counsel and financial advisors;
  - (b) the Director; and
  - (c) the Meetings Chair, Meetings Secretary, scrutineers and their authorized representatives.
15. Other than the persons set out at paragraphs 12, 13 and 14 above, no person shall be entitled to attend or speak at any of the Noteholders' Meetings.

Voting

16. The Secured Noteholders shall vote in respect of the Secured Noteholders' Arrangement Resolution together as a single voting class at the Secured Noteholders' Meeting.
17. The Unsecured Noteholders shall vote in respect of the Unsecured Noteholders' Arrangement Resolution together as a single voting class at the Unsecured Noteholders' Meeting.
18. The Secured Noteholders entitled to vote at the Secured Noteholders' Meeting will be entitled to one vote for each US\$1.00 of the outstanding principal amount of the Secured Notes held by them as of the Noteholders Record Date (as defined below) in respect of the Secured Noteholders' Arrangement Resolution and any other matters to be considered at the Secured Noteholders' Meeting.
19. The Unsecured Noteholders entitled to vote at the Unsecured Noteholders' Meeting will be entitled to one vote for each US\$1.00 of the outstanding principal amount of the Unsecured Notes held by them as of the Noteholders Record Date (as defined below) in respect of the Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Unsecured Noteholders' Meeting.
20. The record date for Noteholders entitled to receive notice of, and vote at, each of the Noteholders' Meetings shall be August 5, 2016 (the "**Noteholders Record Date**"). Only Noteholders whose names have been entered on the register of Secured Noteholders or

Unsecured Noteholders as at the close of business on the Noteholders Record Date will be entitled to receive notice of, and to vote at, the applicable Noteholders' Meetings. Any Noteholders who acquire their Secured Notes or Unsecured Notes after the Noteholders Record Date will not be entitled to notice of, or to vote at, any of the Noteholders' Meetings with respect to such notes.

21. The number of votes required to pass the Secured Noteholders' Arrangement Resolution and the Unsecured Noteholders' Arrangement Resolution shall be not less than two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by Secured Noteholders and Unsecured Noteholders, as applicable, either in person or by duly-appointed proxy, voting together as a single class at the Secured Noteholders' Meeting or Unsecured Noteholders' Meeting, as applicable. The accidental omission to give notice of any of the Noteholders' Meetings or the non-receipt of such notice shall not invalidate any resolution passed or proceedings taken at any of the Noteholders' Meetings.

#### **New Secured Notes Offering**

22. Only Eligible Secured Noteholders shall be entitled to participate in the New Secured Notes Offering.
23. Eligible Secured Noteholders that are interested in participating in the New Secured Notes Offering will be required to:
  - (a) properly complete and duly execute their New Secured Notes Participation Form;
  - (b) ensure that their applicable intermediary completes the required information on the New Secured Notes Participation Form; and
  - (c) forward their properly completed and duly executed New Secured Notes Participation Form to LTS in accordance with the delivery instructions contained therein by the Participation Deadline.
24. Eligible Secured Noteholders will not be permitted to participate in the New Secured Notes Offering if LTS has not received its New Secured Notes Participation Form, properly completed and duly executed, by the Participation Deadline.

## Meeting of Shareholders

### Calling and Conduct

25. LTS shall call and conduct an annual and special meeting of Shareholders (the "**Shareholders' Meeting**") at 9:00 a.m. on September 13, 2016 at Eighth Avenue Place.
26. At the Shareholders' Meeting, the Shareholders will consider and vote on the following:
  - (a) a special resolution approving the continuance of LTS into the federal jurisdiction of Canada under the CBCA (the "**Continuance Resolution**");
  - (b) a special resolution approving the Arrangement (the "**Shareholders' Arrangement Resolution**");
  - (c) an ordinary resolution to elect directors of LTS;
  - (d) an ordinary resolution to appoint an auditor of LTS for the ensuing year and to authorize the board of directors of LTS to fix such auditor's remuneration; and
  - (e) such other business as may properly be brought before the Shareholders' Meeting, all as more particularly described in the Information Circular, and with respect to (a) through (d), each substantially in the form set out in Appendix "A" to the Information Circular.
27. The Chair of the Shareholders' Meeting shall be the Meetings Chair.
28. The Secretary of the Shareholders' Meeting shall be the Meetings Secretary, provided that the Meetings Secretary shall be entitled to retain others to assist in the performance of its duties. The Meetings Secretary shall be responsible for maintaining, or causing to be maintained, the records and proceedings of the Shareholders' Meeting.
29. A quorum at the Shareholders' Meeting shall be at least one Shareholder entitled to vote at the Shareholders' Meeting representing an aggregate of not less than 25 percent of the outstanding Common Shares, present in person or represented by duly-appointed proxy.



30. If within 30 minutes from the time appointed for the Shareholders' Meeting a quorum is not present, the Shareholders' Meeting shall stand adjourned to a date as may be determined by the Meetings Chair. No notice of an adjourned Shareholders' Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Shareholders present and entitled to vote at such adjourned Shareholders' Meeting in person or represented by duly-appointed proxy shall constitute a quorum for all purposes.
31. The Meetings Chair is authorized to adjourn or postpone the Shareholders' Meeting, on one or more occasions (whether or not a quorum is present) and for such period or periods of time as the Meetings Chair deems advisable, without the necessity of first convening such meeting or first obtaining any vote of the applicable Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as LTS determines is appropriate in the circumstances. This provision shall not limit the authority of the Meetings Chair in respect of any adjournment or postponement of a Shareholders' Meeting. If the Shareholders' Meeting is adjourned or postponed in accordance with this Interim Order, all references to the Shareholders' Meeting in this Interim Order shall be deemed to be the Shareholders' Meeting as adjourned or postponed as the context allows.
32. The Shareholders' Meeting shall be called, held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of LTS in effect at the time of such meeting, the terms of the Information Circular, the rulings and directions of the Meetings Chair and this Interim Order, or any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Interim Order and the ABCA, or articles or by-laws of LTS, the terms of this Interim Order shall govern.
33. The only persons entitled to attend and speak at the Shareholders' Meeting are:
  - (a) the Applicants' directors, officers and auditors, and the Applicants' authorized representatives and advisors, including legal counsel and financial advisors;

- (b) any of the registered Shareholders, duly-appointed proxy holders and their authorized representatives and advisors, including legal counsel and financial advisors;
- (c) the Director;
- (d) the Meetings Chair, Meetings Secretary, scrutineers and their authorized representatives;
- (e) such other person(s) who may be permitted to attend by the Meetings Chair.

Voting

- 34. The Shareholders shall vote in respect of the Shareholders' Arrangement Resolution together as a single voting class at the Shareholders' Meeting.
- 35. The Shareholders entitled to vote at the Shareholders' Meeting will be entitled to one vote for each Common Share held by them in respect of the Shareholders' Arrangement Resolution and any other matters to be considered at the Shareholders' Meeting.
- 36. The record date for Shareholders entitled to receive notice of, and vote at, the Shareholders' Meeting shall be August 5, 2016, unless a Shareholder has transferred any Common Shares following August 5, 2016, in which case such transferee shall be entitled to receive notice of, and vote at the Shareholders' Meeting provided that at least ten days prior to the Shareholders' Meeting (the "**Shareholders Record Date**"), such transferee establishes ownership of the Common Shares and demands that its name be included on the list of Shareholders entitled to vote at the Shareholders' Meeting. Only Shareholders whose names have been entered on the register of Shareholders as at the close of business on the Shareholders Record Date will be entitled to receive notice of, and to vote at the Shareholders' Meeting. Any of the Shareholders who acquire their Common Shares after the Shareholders Record Date will not be entitled to notice of, or to vote at, the Shareholders' Meeting with respect to such Common Shares.
- 37. The number of votes required to pass the Shareholders' Arrangement Resolution shall be not less than (i) two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by Shareholders, either in person or

by duly-appointed proxy, voting together as a single class at the Shareholders' Meeting, and (ii) one-half (50%) of the votes cast by Shareholders, either in person or by duly-appointed proxy, voting together as a single class at the Shareholders' Meeting, in each case after excluding the votes cast by those persons whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.

38. The accidental omission to give notice of the Shareholders' Meeting or the non-receipt of such notice shall not invalidate any resolution passed or proceedings taken at the Shareholders' Meeting.

#### **Solicitation and Revocation of Proxies**

39. LTS is authorized to use the form of proxy enclosed with the Information Circular, subject to its ability to insert dates and other relevant information in the final form. LTS is authorized, at its expense, to solicit proxies from Noteholders and/or Shareholders directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose, as well as through the *Ad Hoc* Committee of Secured Noteholders, in each case, by mail or such other forms of personal and electronic communications as it may determine appropriate in its sole discretion.
40. To be valid, a proxy must be deposited with Computershare Trust Company of Canada in the manner described in the Information Circular by no later than 9:00 a.m. (Calgary Time) on September 9, 2016, or in the case of any adjournment to the Secured Noteholders' Meeting, Unsecured Noteholders' Meeting or Shareholders' Meeting, at least 48 hours (excluding weekends and holidays) before such adjourned Secured Noteholders' Meeting, Unsecured Noteholders' Meeting or Shareholders' Meeting, as applicable. Proxies that are properly signed and dated but which do not contain voting instructions shall be deemed to have voted in favour of the Secured Noteholders' Arrangement Resolution, the Unsecured Noteholders' Arrangement Resolution, or the Shareholders' Arrangement Resolution and the Continuance Resolution (and those other matters as set out in paragraph 26, above), as applicable. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Notwithstanding the foregoing, the

Meetings Chair is authorized to use reasonable discretion to waive strict compliance with the requirements as to the manner of completion and time of delivery of a proxy.

41. Any of the Shareholders or Noteholders that has given a proxy or conversion notice is entitled to revoke such proxy or conversion notice at any time before it is acted upon, by depositing an instrument in writing executed by such person or by an attorney authorized in writing, or, if such person is a corporation, by a duly authorized officer or properly appointed attorney thereof in the manner described in the Information Circular.

### **Scrutineers**

42. Subject to its agreement, the scrutineer for each of the Noteholders' Meetings and the Shareholders' Meeting shall be Computershare Trust Company of Canada (acting through its representatives). The duties of the scrutineer shall be, *inter alia*, to monitor and report on attendance and to monitor and report on all ballots and motions taken at each of the Noteholders' Meetings and at the Shareholders' Meeting. The duties of the scrutineer will extend to:
  - (a) invigilating and reporting to the Meetings Chair on the deposit and validity of proxies;
  - (b) reporting to the Meetings Chair on the quorum of the Noteholders' Meetings and the Shareholders' Meeting;
  - (c) reporting to the Meetings Chair on any polls taken or ballots cast at the Noteholders' Meetings and the Shareholders' Meeting; and
  - (d) providing to LTS, the Meetings Chair and the Meetings Secretary written reports on matters related to their duties.

### **Passing of Arrangement**

43. The passing of the Secured Noteholders' Arrangement Resolution, Unsecured Noteholders' Arrangement Resolution and Shareholders' Arrangement Resolution shall be sufficient to authorize the Applicants to do all such acts and things as are necessary and

desirable to give effect to the Arrangement on a basis consistent with what is described in the Information Circular and the Arrangement without the necessity of further approvals whatsoever, subject to the granting of the Final Order (as defined below) by this Court.

#### **Amendments to the Arrangement**

44. Subject to the terms of the Support Agreement and paragraph 59 below, the Applicants are authorized to make such amendments, revisions or supplements to the Arrangement as they may determine necessary or desirable, provided that such amendments, revisions or supplements are made in writing, in the manner contemplated by the Arrangement and the Arrangement Agreement and in accordance with any other Order of this Court. The Arrangement as amended, revised or supplemented shall be deemed to be the Arrangement submitted to each of the Noteholders' Meetings and Shareholders' Meeting, as applicable, and the subject of the Secured Noteholders' Arrangement Resolution, Unsecured Noteholders' Arrangement Resolution and Shareholders' Arrangement Resolution, as applicable, without any need to return to this Court to amend this Interim Order.

#### **Amendments to Meeting Materials**

45. Subject to paragraph 59 below, LTS is authorized to make such amendments, revisions or supplements ("**Additional Information**") as the Applicants may determine necessary or desirable to the Information Circular, forms of proxy ("**Proxy**"), notices of the Noteholders' Meetings and Shareholders' Meeting (collectively, the "**Notices of Meetings**"), form of letter of transmittal ("**Letter of Transmittal**"), forms of conversion notice (the "**Conversion Notice**") and notice of Application ("**Notice of Application**"). The Applicants may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by LTS. Without limiting the generality of the foregoing, Additional Information may be communicated by news release, newspaper advertisement or notice sent to (i) Noteholders and Shareholders of record, at the addresses for such holders as they appear in the records of LTS as at the Noteholders Record Date or Shareholders Record Date, as applicable, and (ii) intermediaries and registered nominees of non-

registered Noteholders and Shareholders, at the addresses for such intermediaries and registered nominees as they appear in the records of LTS as at the Noteholders Record Date or Shareholders Record Date, as applicable.

**Notice of Noteholders' Meetings and the Shareholders' Meeting**

46. The Information Circular, substantially in the form attached as Exhibit "B" to the Interim Order Affidavit, with such amendments thereto as LTS may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Interim Order), and including the Notices of Meetings, the Proxy, the Notice of Application and this Interim Order, together with any other communications or documents determined by LTS to be necessary or advisable including the Conversion Notice and the Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to (i) Secured Noteholders, Unsecured Noteholders and Shareholders as of the Noteholders Record Date and Shareholders Record Date, as applicable, (ii) the directors and auditors of LTS, and (iii) the Director, by one or more of the following methods:
- (a) in the case of registered Noteholders or Shareholders, by pre-paid first class or ordinary mail, by courier, or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of LTS as of the Noteholders Record Date or Shareholders Record Date, as applicable, at least 21 days prior to the Noteholders' Meetings or Shareholders' Meeting, as applicable;
  - (b) in the case of non-registered Noteholders or Shareholders, by pre-paid first class or ordinary mail, by courier, or by delivery in person, to intermediaries and registered nominees of such non-registered Noteholders or Shareholders as shown on the books and records of LTS as of the Noteholders Record Date or Shareholders Record Date, as applicable, and in each case, in accordance with National Instrument 54 -101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* at least three (3) Business Days prior to the 21<sup>st</sup> day prior to the Noteholders' Meetings or Shareholders' Meeting, as applicable; and

- (c) in the case of the directors and auditors of the Applicants, or the Director, by e-mail or other electronic means, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, at least 21 days prior to the Noteholders' Meetings and Shareholders' Meeting.
47. The accidental omission to give notice of the Noteholders' Meetings and/or the Shareholders' Meeting, or the non-receipt of such notice by one or more of the aforesaid persons, shall not invalidate any resolution passed or proceedings taken at the Noteholders' Meetings and/or the Shareholders' Meeting, respectively.
48. Delivery of the Meeting Materials in the manner directed by this Interim Order shall be deemed to be good and sufficient service upon the Noteholders, Shareholders, directors and auditors of each of the Applicants, and the Director for the purposes of Section 192 of the CBCA, and the Applicants shall not be required to send to the Noteholders or Shareholders any other or additional statement pursuant to Section 192 of the CBCA.
49. The mailing of the Meeting Materials in accordance with the provisions of this Interim Order shall constitute good and sufficient service in respect of this Application and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, and service of this Application and the Interim Order Affidavit is dispensed with, except for service thereof on the Director.
50. The Meeting Materials shall be deemed, for the purposes of this Interim Order, to have been received by the Noteholders and the Shareholders:
- (a) in the case of mailing to registered Noteholders or Shareholders, when deposited in a post office or public letter box;
  - (b) in the case of delivery by courier or in person to registered Noteholders or Shareholders, upon personal delivery to the applicable registered Noteholders' and/or Shareholders' address as it appears on the applicable securities register of LTS as at the Noteholders Record Date and the Shareholder Record Date;

- (c) in the case of mailing to intermediaries and registered nominees of non-registered Noteholders or Shareholders, three (3) Business Days after being deposited in a post office or public letter box; and
- (d) in the case of delivery by courier or in person to intermediaries and registered nominees of non-registered Noteholders or Shareholders, one (1) Business Day after personal delivery to the address of the applicable intermediary or registered nominee as it appears on the applicable securities register of LTS as at the Noteholders Record Date and the Shareholder Record Date.

### **Dissent Rights**

- 51. Registered Shareholders as at the Shareholders Record Date are accorded the right to dissent under section 191 of the ABCA with respect to the Continuance Resolution which must be exercised in the manner set out in the Information Circular.
- 52. There shall be no dissent rights in respect of the Shareholders' Arrangement Resolution pursuant to the arrangement provisions in section 192 of the CBCA.

### **ArrangeCo**

- 53. ArrangeCo is hereby permitted to pass a unanimous shareholder resolution to approve the Arrangement in lieu of calling, holding and conducting a special meeting of its shareholder for the purposes thereof.

### **Final Application**

- 54. Subject to further order of this Court, and provided that the Noteholders and Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicants have not revoked their approval, the Applicants may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on September 20, 2016 at 10:00 a.m. (Calgary Time) or as soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the certificate of arrangement, the Applicants, all Noteholders, all Shareholders and all other persons affected will be bound by the Arrangement in accordance with its terms.



55. Any of the Noteholders, Shareholders or any other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order (other than the *Ad Hoc* Committee of Secured Noteholders and the First Lien Lenders, as defined below) is required to file with this Court and serve upon the Applicants, on or before 5:00 p.m. (Calgary Time) on September 14, 2016, a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an e-mail address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application for the Final Order or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicants shall be effected by service upon the solicitors for the Applicants, Blake, Cassels & Graydon LLP, 3500 Bankers Hall East, 855 – 2<sup>nd</sup> Street SW, Calgary, Alberta T2P 4J8, Attention: Kelly Bourassa.
56. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties having served a Notice of Intention to Appear in accordance with paragraph 55 of this Interim Order, shall have notice of the adjourned date.

#### **Application to Vary Interim Order**

57. The Applicants are entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

#### **Stay of Proceedings**

58. The Stay Period (as defined in paragraph 3 of the Preliminary Interim Order of Justice G.C. Hawco dated July 13, 2016) is hereby extended until and including September 30, 2016.
59. The lenders under LTS' credit facility (the "**First Lien Lenders**") shall be treated as unaffected by the Arrangement and the Final Order in the within proceedings and shall not be subject to any stay of proceedings in the within proceedings, and nothing in this

Interim Order shall prevent the filing of any registration to preserve or perfect a security interest in respect of the Secured Notes.

**General**

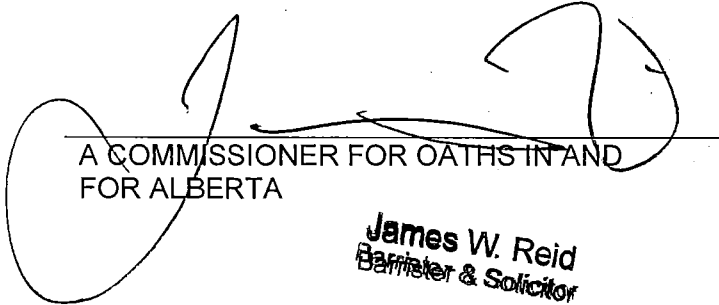
60. To the extent of any inconsistency or discrepancy with respect to the matters determined in the Interim Order, between the Interim Order and the terms of any instrument creating or governing or collateral to the Secured Notes or to which the Secured Notes are collateral, the terms of any instrument creating or governing the Unsecured Notes or to the articles and/or by-laws or other constating documents of the Applicants, this Interim Order shall govern.
61. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Interim Order and to assist the Applicants and their agents in carrying out the terms of this Interim Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants as may be necessary or desirable to give effect to this Interim Order.
62. This Court may grant such further and other relief as this Court deems appropriate and just.



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Justice of the Court of Queen's  
Bench of Alberta

This is Exhibit "C" referred to in the Affidavit of Peter D. Scott sworn before me this 23<sup>rd</sup> day of September A.D. 2016 .



A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

**James W. Reid**  
Barrister & Solicitor

**LIGHTSTREAM RESOURCES LTD**
**Annual Special Meeting 9/30/2016**
**Meeting Total**

Eligible Votes :	198,878,533.000000
Voted Total :	23,886,056.000000
Voted Total (%) :	12.01
Proxies Cast Total :	84
Quorum Status:	12.01%

**Vote Details**

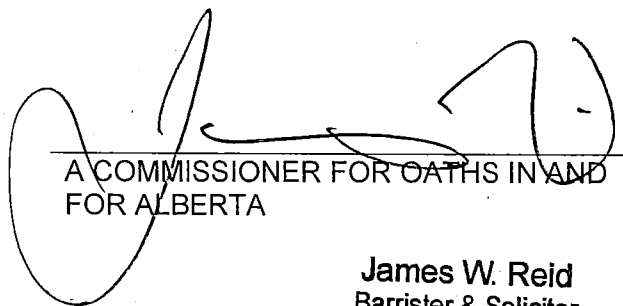
Resolution	Vote type	Voted	Voted (%)	O/S (%)
IAN S. BROWN	For	12,974,292.000000	92.43	6.53
	Withheld	1,062,921.000000	7.57	0.53
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
MARTIN HISLOP	For	12,965,144.000000	92.36	6.52
	Withheld	1,072,069.000000	7.64	0.54
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
KENNETH R. MCKINNON	For	12,669,721.000000	90.26	6.37
	Withheld	1,367,492.000000	9.74	0.69
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
COREY C. RUTLAN	For	12,472,450.000000	88.85	6.27
	Withheld	1,564,763.000000	11.15	0.79
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
W. BRETT WILSON	For	12,485,838.000000	88.95	6.28
	Withheld	1,551,375.000000	11.05	0.78
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
JOHN D. WRIGHT	For	12,348,228.000000	87.97	6.21
	Withheld	1,688,985.000000	12.03	0.85
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
APPOINTMENT OF AUDITORS	For	23,429,769.000000	98.09	11.78
	Withheld	456,287.000000	1.91	0.23
	Non Votes	0.000000		0.00
	Invalid	0.000000		0.00
CONTINUANCE	For	13,523,530.000000	96.34	6.80
	Against	513,683.000000	3.66	0.26
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00
PLAN OF ARRANGEMENT	For	13,395,758.000000	95.43	6.74
	Against	641,455.000000	4.57	0.32
	Non Votes	9,848,843.000000		4.95
	Invalid	0.000000		0.00

Please note: Real-time results are subject to audit and verification. Vote method totals reflect Meeting Totals not Class Totals.

**LIGHTSTREAM RESOURCES LTD****Annual Special Meeting 9/30/2016****Meeting Total****Voting Source**

Scanned	Internet	Keyed	IVR	Broadridge
0	17	9	1	57

This is Exhibit "D" referred to in the Affidavit of  
Peter D. Scott sworn before me this 23rd day of  
September A.D. 2016



A COMMISSIONER FOR OATHS IN AND  
FOR ALBERTA

**James W. Reid**  
Barrister & Solicitor

CLERK'S STAMP

COURT FILE NUMBER

1601 – 12571

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD, LTS RESOURCES PARTNERSHIP, 1863360 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP

APPLICANTS

LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD AND 1863360 ALBERTA LTD

PARTIES IN INTEREST

LTS RESOURCES PARTNERSHIP AND BAKKEN RESOURCES PARTNERSHIP

DOCUMENT

**ORDER (EXTEND TIME FOR ANNUAL GENERAL MEETING)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**BLAKE, CASSELS & GRAYDON LLP**

Barristers and Solicitors

3500 Bankers Hall East

855 – 2<sup>nd</sup> Street SW

Calgary, Alberta T2P 4J8

Attention: Kelly Bourassa / Milly Chow

Telephone No.: 403-260-9697/416-863-2594

Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) / [milly.chow@blakes.com](mailto:milly.chow@blakes.com)

Fax No.: 403-260-9700

File: 89691/8

**DATE ON WHICH ORDER WAS PRONOUNCED:** September 26, 2016

**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable Mr. Justice A.D. Macleod

**LOCATION OF HEARING:** Calgary, Alberta

**UPON THE APPLICATION** of Lightstream Resources Ltd. ("LTS"), 1863359 Alberta Ltd. and 1863360 Alberta Ltd. (collectively, the "**Applicants**") for an order providing relief to LTS from its obligation to hold an annual general meeting (the "**AGM**") by September 30, 2016 pursuant to section 132 of the *Business Corporations Act*, RSC 1985, c C-44, as amended (the "**ABCA**"); **AND UPON** reading the Application, the Affidavit of Peter D. Scott sworn September [23], 2016, and the Interim Order (the "**Interim Order**") of the Honourable Justice C.M. Jones in Court of Queen's Bench of Alberta Action Number 1601-08725, **AND UPON** hearing from counsel for LTS and any other interested parties present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The time for service of the notice of Application for this Order is hereby abridged and deemed good and sufficient and this Application is properly returnable today.
2. LTS is relieved until March 31, 2017 from its obligation under section 132 of the ABCA and the Interim Order to hold an AGM by September 30, 2016.
3. Leave is hereby granted to any person, entity or party affected by this Order to apply to this Court for a further Order vacating, substituting, modifying or varying the terms of this Order, with such application to be brought on notice to the Applicants and any other affected party in accordance with the *Alberta Rules of Court*.

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J.C. C.Q.B.A.