

Action No.: 0901-13483  
Deponent: Neil Augustine  
Date Sworn: January 12, 2010

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT, R.S.C. 1985, c. C-36, AS AMENDED***

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
TRIDENT EXPLORATION CORP., FORT ENERGY CORP., FENERGY CORP., 981384  
ALBERTA LTD., 981405 ALBERTA LTD., 981422 ALBERTA LTD., TRIDENT  
RESOURCES CORP., TRIDENT CBM CORP., AURORA ENERGY LLC., NEXGEN  
ENERGY CANADA, INC. AND TRIDENT USA CORP.**

**AFFIDAVIT**

I, Neil Augustine, of the City of New York, in the state of New York, MAKE OATH  
AND SAY THAT:

1. I am a Managing Director, the Head of North America Restructuring and a member of the management committee at Rothschild Inc. ("**Rothschild**"), which acts as financial advisor to Trident in respect of both the Applicants in the proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**") and the U.S. Debtors in the Chapter 11 Cases and as such I have personal knowledge of the matters to which I hereinafter depose, except where stated to be based on information and belief, in which case I verily believe the same to be true.
2. In terms of my background, I have extensive experience both investing in and advising financially distressed companies and their creditors. Over the last 20 years, my transactions experience has ranged from out-of-court restructurings to in-court insolvencies in the U.S., Europe, Canada and Mexico. My merger and acquisition experience includes both plain vanilla and troubled company buy-side and sell-side assignments as well as Special Committee Representations. On the financing front, my expertise includes Debtor-in-Possession financings, secured bank debt, exit financing, second lien loans, convertible notes, rights offerings and

preferred stock investments. I have also prepared various fairness opinions, expert reports and valuation reports.

3. Rothschild has been assisting Trident since the fall of 2007 to advise on strategic and balance sheet recapitalization alternatives. As noted above, since the commencement of Trident's insolvency proceedings, Rothschild has continued to act as financial advisor for both the Applicants in the CCAA proceedings and the U.S Debtors in the Chapter 11 Cases.

4. I swear this affidavit in support of Trident's motion for the various relief as set out in its Notice of Motion dated January 12, 2010 and specifically to provide evidence in respect of Trident's restructuring efforts, the strategy to maximize stakeholder recoveries and the proposed extension of the Stay Period. Additional aspects of Trident's restructuring proceedings, operations and stakeholder communications are outlined in the affidavit of Todd Dillabough sworn on January 12, 2010 and caused to be filed in these proceedings (the "**Dillabough Affidavit**").

5. All capitalized terms shall have the meaning ascribed to them in the Dillabough Affidavit, unless otherwise indicated in this Affidavit.

### ***The Restructuring Proposals from Stakeholders***

6. Trident has made significant progress since the last hearing on December 3, 2009 by securing detailed stakeholder proposals and diligently attempting to negotiate a binding agreement for a stalking horse which will serve as a basis for an ultimate plan under the CCAA and Chapter 11 to the extent a market test does not result in a more attractive transaction.

7. As described in the Second Extension Affidavit, Trident and its advisors have consistently been of the view that efforts to maximize stakeholder recoveries should involve pursuing stand-alone restructuring proposals from Trident's existing stakeholders, followed by third party restructuring proposals and a sales process if necessary.

8. Prior to the commencement of the proceedings, Trident and its advisors had made considerable efforts to secure a recapitalization agreement with its stakeholders and would have

preferred to have had a pre-negotiated commitment in place before initiating the CCAA proceedings and Chapter 11 Cases. Unfortunately other concerns relating to preserving the value of Trident's assets and operations forced Trident to file these proceedings without the benefit of a pre-packaged or pre-negotiated deal.

9. Based on my understanding of Trident's financial situation, the depressed gas price environment and the present economic circumstances more generally, I believe that a recapitalization transaction sponsored by its stakeholders represents the best opportunity to initiate a process whose objective is to maximize recovery for Trident's stakeholders. A stakeholder-sponsored transaction serving as a stalking horse prior to commencing a third party process will set a floor for competing transactions which will further help to maximize recovery for stakeholders. Accordingly, Trident has focused its efforts on soliciting a restructuring proposal from existing stakeholders, who already have a significant investment in Trident.

10. Due to Trident's complex capital structure and divergent views among the stakeholder groups on debt capacity and enterprise value, it has been very difficult to obtain a comprehensive proposal from multiple and divergent parties.

11. In order to focus efforts in the context of the CCAA proceedings and the Chapter 11 Cases, Trident instructed Rothschild to send a notice on November 25, 2009 to representatives of all of Trident's major stakeholder groups which requested formal proposals by December 15, 2009 (the "**RFP**"). As a result of requests from certain stakeholders for additional time to formalize their proposals and attempt to build consensus between constituents and between stakeholder groups, Trident agreed to an extension of the December 15, 2009 deadline to the end of December 16, 2009.

12. The RFP process has resulted in two Restructuring Proposals. On December 16, 2009 Trident received a letter of intent from an ad hoc committee of the Prefs (the "**Prefs Proposal**"). On that same date, Trident received a transaction proposal and term sheet from certain of the 07 Lenders which was subject to further negotiation with the 06 Lenders. On December 19, Trident received an executed commitment letter and term sheet from a group of over 95% of the 06 Lenders and 07 Lenders (the "**06/07 Proposal**"), which superseded the 07 Lenders' proposal.

13. Trident has not been authorized by the proponents of the 06/07 Proposal to publicly disclose such proposal and the proponents have required Trident to keep the 06/07 Proposal confidential until negotiations are complete. Trident is also concerned that disclosure of Restructuring Proposals would impede completing good faith negotiations of an acceptable agreement. Marked as Exhibit "A" to this my Affidavit are copies of the Restructuring Proposals in respect of which Trident is seeking a sealing order and accordingly, Exhibit "A" will not be attached to this Affidavit as served.

14. The proponents of the 06/07 Proposal have also expressly advised Rothschild that Trident is not authorized to provide such proposal to the Required Lenders at this time. As noted in the Second Extension Affidavit, the Required Lenders have expressed an interest in credit bidding their debt and therefore may actually be a competing bidder. At the same time, the Required Lenders elected not to participate in the RFP process and did not submit a proposal.

15. Since receipt of the Restructuring Proposals, Trident has been negotiating with the proponents of the 06/07 Proposal for a revised proposal that Trident could accept, subject to Court approval, as the basis for a stalking horse process. Trident and the proponents of the 06/07 Proposal have exchanged a number of detailed mark-ups and such negotiations are on-going. It is notable that the Restructuring Proposals are directed to Trident as a global entity and include proposed new equity investments at implied enterprise values well in excess of the amounts owing to the Second Lien Lenders. Both of the Restructuring Proposals also contemplate the full repayment or refinancing of the obligations of TEC under the Second Lien Credit Agreement.

16. Trident is working to complete negotiations of a stakeholder commitment letter which would serve as a stalking horse in a solicitation process to market test for a superior alternative transaction. The resulting transaction will become the foundation for a restructuring plan in both the Canadian CCAA proceedings and the U.S. Chapter 11 Cases.

***Process Timeline***

17. Trident and its advisors have worked with the Monitor in developing a solicitation process timeline (the “**Process Timeline**”) that incorporates finalizing negotiations on the Restructuring Proposals to establish an acceptable commitment letter to serve as a stalking horse. Subject to approval by this Court, it is contemplated that such stalking horse agreement would be the base transaction in a Solicitation Process for other superior alternative transactions.

18. Trident is proposing a Process Timeline that sets a target deadline of January 22, 2010 for the finalization of a binding commitment letter. The Process Timeline is set out and discussed in the Monitor’s Fifth Report. Trident further proposes scheduling a joint hearing on or before February 17, 2010 for approval of the commitment letter to serve as a stalking horse and related bid procedures for a solicitation process of superior alternative transactions (the “**Bid Protections**”). It should be noted that the Process Timeline previously provided to and discussed with the Required Lenders contemplated a joint hearing on or before February 15, 2010 but I understand that date is a statutory holiday in Alberta and accordingly the request for the joint hearing date has been adjusted to on or before February 17, 2010.

19. The Process Timeline does not detail the timeline for the marketing process as that remains an item under negotiation under the Restructuring Proposals and it would be premature to establish milestones prior to agreement with the stalking horse party. However based on discussions to date, it is expected that such would occur over a period of approximately 90 days in duration.

20. Trident seeks to have negotiated a binding stalking horse agreement and Bid Protections which would be subject to approval by the Alberta Court and the U.S. Bankruptcy at a joint hearing on or before February 17, 2010. In the event that Trident is unable to negotiate an acceptable stakeholder agreement in advance of the joint hearing, it expects to submit for approval at the joint hearing a general solicitation process for proposals from third parties as well as stakeholders.

21. In the circumstances of this case, I am of the view that proceeding in this fashion and on this Process Timeline is in the best interests of stakeholders and will provide the optimum opportunity to maximize stakeholder value.

***Insistence of the Required Lenders on an Immediate Sale Process***

22. Despite being advised of the receipt by Trident of the Restructuring Proposals and the progress on the negotiations, the Required Lenders have told me that they will be asking the Court on January 15, 2010 to approve the implementation of an immediate sale process. As noted in prior Affidavits, Trident has resisted requests from the Required Lenders to prematurely put the companies up for sale before a stalking horse agreement is in place. In addition, the Required Lenders have indicated that they may want to credit bid their debt in such a sale process.

23. Further correspondence was received from counsel for the Required Lenders on December 15, 2009 and December 21, 2009 that requested, among other things, details of the Restructuring Proposals and Trident's proposed timeline for a sale and solicitation process for TEC. Despite the tone and inference of these letters, which would have the reader believe that Trident has not cooperated with the Required Lenders, I wish to emphasize that throughout these proceedings Trident and its advisors have made significant efforts to communicate with and be responsive to the Required Lenders on a regular basis. In addition to regularly scheduled weekly calls on December 15, 2009 and December 22, 2009, where these issues were discussed with the Required Lenders, Trident advised the Required Lenders in a conference call on January 4, 2010 of the confidentiality restrictions regarding the 06/07 Proposal and reiterated Trident's plans in respect of negotiating a binding commitment letter to serve as a stalking horse in a solicitation process. The Process Timeline noted above was provided by Rothschild to the Required Lenders on January 5, 2010. Counsel for Trident also responded to counsel for the Required Lenders in correspondence dated January 7, 2010. Copies of this exchange of correspondence are attached hereto and marked as Exhibit "B" to my Affidavit.

24. Trident and its advisors are frustrated that the Required Lenders have attempted and continue to attempt to dictate the terms of Trident's restructuring as if this was their enforcement proceeding and with little regard to the interests of the other stakeholders. Trident's goals have been to preserve and enhance its enterprise value and seek a solution that maximizes the recovery for all stakeholders.

25. In this regard, Trident is concerned about the risk of marketing Trident without a stalking horse in place and the potential prejudice to the restructuring process and other stakeholders. These concerns include general uncertainty and risk of potential departures by management and employees, negative impact on Trident's relationships with counterparties and impaired operations, all of which would likely undermine the enterprise value of Trident. Without a backstop transaction, Trident is also concerned about strategic players simply tying up management time with low-ball offers and using the process to gain competitive information to the detriment to the companies. In my view, there is no demonstrable urgency that would justify prematurely "going naked" on a sale process without the benefit of a base-line transaction that sets the floor on value when there is a viable proposal in hand that could be negotiated for use as a stalking horse within a short period of time and provides certainty to the successful conclusion of these cases.

26. The Required Lenders have raised the issue of the non-payment of the interest under the Second Lien Credit Agreement and the use of "their collateral" on a number of occasions to justify their goals. In response, Trident has made efforts to investigate DIP financing to ensure that it has a liquidity cushion as well as to potentially pay the interest to the Second Lien Lenders. The Required Lenders themselves have made a proposal to provide \$50 million USD of DIP financing which clearly evidences that they believe there is value that exceeds their claims. Additional market evidence indicates that the obligations under the Second Lien Credit Agreement are more than protected, including the following:

- (a) There have been several recent M&A transactions that indicate an increased interest by acquirers for comparable gas-producing assets, including the Exxon acquisition of XTO Energy Inc. and the Total S.A. acquisition of an interest in Chesapeake. The purchase price of the Exxon/XTO transaction, which was

announced last month, would imply a valuation for Trident's assets well in excess of the amounts owing under the Second Lien Credit Agreement, again demonstrating a significant collateral cushion. The Exxon/XTO transaction has been viewed as fully priced given its size and its strategic nature to Exxon. There is currently insufficient public data on the Total/Chesapeake transaction to derive an implied valuation.<sup>1</sup>

	<b>Trident valuation implied by acquisition of XTO Energy based on</b>	
	<b>Production (MMcfe/d)</b>	<b>Proved Reserves (Bcfe)</b>
Enterprise value (C\$m)	\$43,423	\$43,423
XTO MMcfe/d and Bcfe	2,948	13,860
C\$/MMcfe/d and C\$/Bcfe	\$14.7	\$3.1
Trident MMcfe/d and Bcfe	99	360
Implied Trident valuation	<b>\$1,463</b>	<b>\$1,127</b>
Estimated 2nd lien claim	589	589
Value cushion	<b>\$873</b>	<b>\$538</b>
<i>Implied multiple of 2nd lien claim</i>	2.5x	1.9x

- (b) The 06/07 Proposal indicates that they are prepared to commit significant amounts of equity capital at an implied total enterprise valuation that indicates a significant equity cushion above the amount owing under the Second Lien Credit Agreement that would need to be paid out and/or re-financed.

27. Based upon my current knowledge of Trident and the debt markets, I also believe that Trident should be in a position to obtain debt financing on commercially reasonable terms at levels required to exit from Chapter 11 and CCAA protection and complete a transaction along the lines set out in the Restructuring Proposals. In this regard, one potential lender is actively engaged in a due diligence review of Trident for the purposes of emergence financing which the proponents of the 06/07 Proposal have indicated they hope will result in a commitment shortly. Trident and its advisors have previously contacted financing sources and have also received unsolicited calls to provide financing from a number of financial institutions and as part of the

<sup>1</sup> Enterprise value based on a valuation of US\$41 billion and an exchange rate of 1.059 USD/CAD. XTO metrics reflect XTO's proved reserves as of 12/31/08 per its 2008 10K and reflect average daily production for the three months ended 9/30/09. Trident metrics reflect 12/31/08 NSAI reserve report based on constant pricing. Average daily production reflects the three months ended 9/30/09. Estimated 6/30/10 2<sup>nd</sup> lien claim of US\$556.5m and an exchange rate of 1.059 USD/CAD. 2nd Lien interest assumes LIBOR of 1.11% + 7.50% + 2.00% default interest from filing date (9/8/09) until 12/29/09, thereafter assumes 2nd Lien accrues at US Prime Rate of 3.25% (Bloomberg 12/10/09) + 6.50% + 2.00% default interest; assumes interest accrues on unpaid interest at assumed rates per each interest payment period. Interest rate assumptions as per the credit agreement.



value maximization process, Trident with the assistance of Rothschild will run a debt financing process concurrent with the solicitation process. Certain of the Required Lenders have also expressed interest in providing exit financing.

28. While a solicitation process may be necessary and advantageous for a number of reasons, including a market test of a stakeholder-sponsored transaction (and it is a component of the Restructuring Proposals), I am firmly of the view that the potential for maximizing value for Trident's stakeholders would be best served by having a base stalking horse transaction to take to the market.

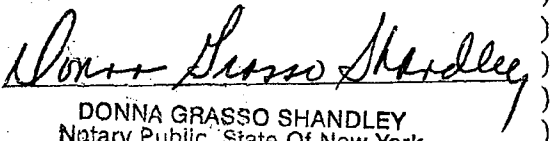
***Proposed Extension of the Stay Period***

29. Trident is seeking an extension of the Stay Period by approximately 3 months. In my view, such an extension is supported by the positive financial and operational performance of the companies and will be necessary for any solicitation process ultimately approved by this Honourable Court. The proposed May 6, 2010 expiry date also coincides with the proposed extension of the exclusivity period for the U.S. Debtors in the Chapter 11 Cases.

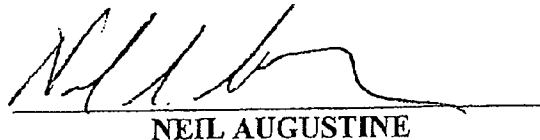
30. I am also concerned that short extension periods may be sending the wrong message to the marketplace and stakeholders as to the prospects of Trident achieving a successful restructuring and may negatively impact the solicitation process. Accordingly, I believe the proposed extension is both reasonable and appropriate in these circumstances.

31. I make this Affidavit in support of the relief requested by Trident in the Notice of Motion and for no other or improper purpose.

Sworn before me in the City of New York, in the State of New York this 12th day of January, 2010.



DONNA GRASSO SHANDLEY  
Notary Public, State Of New York  
No.01GR6058322  
Qualified In Westchester County  
Commission Expires May 7, 20 11



NEIL AUGUSTINE

**EXHIBIT "A"**

**INTENTIONALLY OMITTED SUBJECT TO AN APPLICATION TO HAVE SEALED  
ON JANUARY 15, 2010**

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THIS IS EXHIBIT B  
referred to in the Affidavit  
of Neil Augustine  
Sworn before me this  
12th day of  
January 2010



FRASER MILNER CASGRAIN LLP

*Donna Grasso Shandley*

DONNA GRASSO SHANDLEY  
Notary Public, State Of New York  
No. 01GR6058322  
Qualified In Westchester County  
Commission Expires May 7, 20 11  
Sent Via E-mail

R. Shayne Kukulowicz  
Direct Line: (416) 863-4740  
shayne.kukulowicz@fmc-law.com

January 7, 2010

McMillan LLP  
Barristers & Solicitors  
181 Bay Street  
Suite 4400  
Toronto, ON M5J 2T3

Attention: Messrs. Andrew Kent and Wael Rostom

Dear Sirs:

**Subject: Trident Exploration Corp. et al (collectively "Trident")**

We are in receipt of your letters dated December 15, 2009 and December 21, 2009.

In respect of your inquiries regarding recapitalization proposals, we have confirmed to you that Trident successfully received two promising proposals from the RFP solicitation. We also confirmed that one proposal came from certain of the preferred shareholders on December 16, 2009 and the other from certain of the 06 and 07 TRC Lenders on December 19, 2009. While Trident was not in a position to disclose the full details of the proposals, we advised that the proposals contemplated the full payout or re-financing of the Second Lien Credit Facility and a "go shop" requirement (in other words, implementing a process to solicit superior proposals for either investment in or a sale of Trident).

When we received the proposals, we advised you that it would take some time to review the proposals and present them to Trident's board. Upon such review, Trident determined that the proposals required further negotiations to achieve a commitment letter that was capable of serving as a stalking horse and the basis of a restructuring plan (including the payout or refinancing your clients' position). Trident has provided the TRC Lenders with a list of issues and a detailed mark up of their commitment letter and term sheet. Those negotiations are not complete, but Trident is optimistic that it will finalize same shortly. Trident has requested that the proponents of the proposals permit Trident to provide the proposals to the Required Lenders. However, the counter-parties have advised that the documents should remain confidential until the negotiations are complete and should not be circulated without their consent.

In respect of our efforts in the latter part of December, 2009 to set up an update call between the chairman of Trident's board, Gene Davis, your clients, and the respective advisors, you were advised that the delayed receipt of the proposals and the intervention of the holiday season which covered over two weeks made scheduling such a call with multiple parties very difficult. However, we would note that no call was scheduled until we actually confirmed and conducted our call on January 4, 2010. We also note that we continued with our regular weekly Required Lender update call on December 22, 2009 in any event.

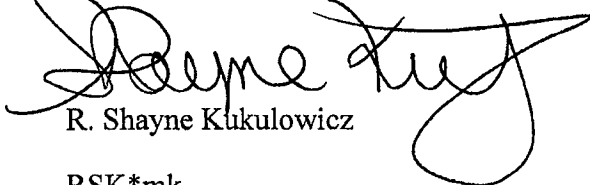
In respect of a proposed process, we confirm that Rothschild provided a draft "Solicitation Timeline" to you on January 5, 2010 (a copy of which is attached for your convenience). This timeline incorporates the successful solicitation of proposals through the RFP process and a deadline to complete the negotiation of a binding commitment letter. Since such negotiations are on-going, it would be premature to establish the elements of a broader solicitation process without the agreement of the stalking horse party. However, as noted in the timeline, it is contemplated that Trident will move forward with a bid protections motion by the middle of February, 2010.

Finally, given the foregoing and the efforts of Trident and its advisors to communicate regularly with the Required Lenders and address any concerns, we view your correspondence largely as an exercise of litigation positioning. Unfortunately, the Required Lenders have repeatedly sought to dictate the terms of Trident's restructuring without regard to the interests of other stakeholders. Given Trident's positive financial performance and the market conditions, including recent indicative transactions relating to gas assets for significant value, there is clearly no risk to a full recovery by the Second Lien Lenders. Moreover, as part of the stalking horse strategy, Trident will be seeking the implementation of a solicitation process which should satisfy the repeated requests of the Required Lenders in that regard.

We remain hopeful of working with you to complete the restructuring of Trident, including a payout or re-financing of the Second Lien Credit Agreement, in both a reasonable and a timely fashion.

Yours truly,

**FRASER MILNER CASGRAIN LLP**



R. Shayne Kukulowicz

RSK\*mk

cc: D. Mann, M. Wunder / FMC  
N. Meakin, G. Watson, / FTI  
S. Collins / McCarthy  
I. Dizengoff, S. Alberino / Akin Gump  
N. Augustine, W. Shaw / Rothschild

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## Trident Exploration Corp et al.

### Proposed Solicitation Process Timeline

Key Milestone	Target Date <sup>1</sup>
<b>Stage I – Complete Stalking Horse Negotiations</b>	
Finalize Commitment Letter	1/22/10
Court approval of bid protections (i.e. break/completion fee, deemed qualified bidder)	2/15/10
<b>Stage II(a) – Solicitation Process<sup>2</sup></b>	
<b>Stage II(b) – Exit Financing (Private)<sup>3</sup></b>	
Commence debt financing process	2/1/10
Deadline for debt financing letters of intent	3/12/10
Selection of short-list for detailed due diligence	3/19/10
Deadline for binding debt financing commitment letters	4/23/10
Complete negotiation of definitive financing agreements	TBD
<b>Stage III – Plan Process</b>	
File Plan & obtain Meetings Order	TBD
Meetings of Creditors	TBD
Sanction Hearing	TBD

<sup>1</sup>Given such milestones are not under the Company's control and dependent upon third party cooperation, such dates are estimates of what the Company believes it can achieve at such time

<sup>2</sup>Solicitation Process to be run, timetable to be agreed with Stalking Horse

<sup>3</sup>The Company will also run a public capital markets financing process the timing of which will be coordinated with the Plan implementation timeline



*Reply Attention of*    *Wael Rostom*  
*Direct Line*        *416.865.7790*  
*Internet Address*   *Wael.Rostom@mcmillan.ca*  
*Our File No.*        *0085745*  
*Date*                 *December 21 2009*

FRASER MILNER CASGRAIN LLP  
1 First Canadian Place  
100 King Street West  
Toronto, Ontario M5X 1B2

**Attention:**            **Mr. Shayne Kuklowicz**

Dear Sirs:

**Re:    Trident Exploration Corp. ("TEC")**

We refer to our letter dated December 15, 2009.

You have advised us that Trident has received "offers" in response to its November 25<sup>th</sup> request for proposal letter ("RFP"), including an offer it received over the weekend from the TRC Lenders.

During our weekly update call on December 15<sup>th</sup> with representatives of Trident and the Monitor we specifically asked when Trident intended to provide our clients with copies of any offers it might receive in response to the RFP. You indicated that you would take this matter up with the Board during its meeting on December 16<sup>th</sup> and provide me with a response on December 17<sup>th</sup>.

During our telephone conversation on December 17<sup>th</sup>, you advised that Trident would convene a conference call with the Required Lenders for today to discuss Trident's draft process proposal and how the offers received in response to the RFP might fit into the process as well as to provide the Required Lenders with high level feedback on the revised draft of the DIP financing term sheet that we sent to you last week. You also stated that you intended to send us Trident's draft process proposal by the end of the day on December 18<sup>th</sup>. I advised you that we also expected to receive copies of the offers so that our clients could assess whether they were satisfactory.

Over the weekend I sent you an email confirming that the Required Lenders were available for a conference call today at any time after 2:30PM and requested that you send us a copy of Trident's draft process proposal, which was not sent to us on Friday. In response to my email you advised that Trident received an offer from the TRC Lenders over the weekend and that a call today would be premature. I replied by advising you that the call with our clients

should proceed and that you should send us Trident's draft process proposal as originally planned.

During our call this morning you confirmed your advice over the weekend that Trident would not be holding the call with our clients today.

In our December 15 letter we stated, among other things, that failing timely receipt of a binding commitment satisfactory to the Required Lenders in response to the RFP, the Required Lenders expect a sales and investor solicitation process to be initiated on terms satisfactory to the Required Lenders and approved by the CCAA court.

As I emphasized on our call this morning, in light of the Christmas and New Year Holidays, our clients expect Trident to provide them with copies of the offers received to date together with its draft process proposal by no later than the close of business tomorrow for their review and consideration. I also emphasized the need for us to have a conference call with Trident and our clients to discuss the offers and Trident's draft process proposal prior to the commencement of the holiday period.

Yours truly,

*Rita Mally*  
per: Wael Rostom

cc: FTI Consulting Canada ULC, as Monitor of the Applicants  
McCarthy, Tetrault LLP, Counsel to the Monitor



*Reply Attention of* Andrew J.F. Kent  
*Direct Line* 416.865.7160  
*Internet Address* Andrew.Kent@mcmillan.ca  
*Our File No.* 0085745  
*Date* December 15, 2009

FRASER MILNER CASGRAIN LLP  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW  
Calgary, Alberta T2P 0R8

**Attention:** Mr. David W. Mann

-and-

FRASER MILNER CASGRAIN LLP  
1 First Canadian Place  
100 King Street West  
Toronto, Ontario M5X 1B2

**Attention:** Mr. Shayne Kuklowicz

Dear Sirs:

**Re: Trident Exploration Corp. ("TEC")**

We refer to the request for proposal dated November 25, 2009 (the "RFP"), received by the Required Lenders from Rothschilds on behalf of Trident Resources Corp. ("TRC") and TEC (together, "Trident") requesting recapitalization proposals by December 15, 2009.

Trident has advised the Required Lenders repeatedly over many months that it is expecting to receive one or more refinancing proposals from the TRC Lenders and has advised the Canadian CCAA Court of this expectation during these proceedings. Based on our clients' discussions with Rothschilds and representatives of Trident, we understand that Trident is optimistic that the TRC Lenders and/or some of the preferred equity holders will actually submit a refinancing proposal in response to the RFP.

If such a proposal is in fact received on a timely basis, the Required Lenders hope that it will be satisfactory to them both in form and substance. In particular, but without limitation, in order to be satisfactory it will have to be a credible proposal that is likely to close on a timely basis and that will either repay the secured loan in full in cash, or refinance it on terms acceptable to the Required Lenders.

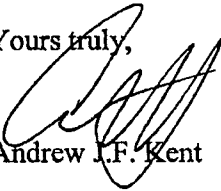


As you know, failing timely receipt of such a satisfactory binding commitment, the Required Lenders expect a sales and investor solicitation process to be initiated on terms satisfactory to the Required Lenders and approved by the CCAA court. That process would amongst other things permit the Required Lenders to submit or cause the Agent to submit a non-cash credit bid for the purchase of all or substantially all of the assets of TEC.

In that respect the Required Lenders wish to work with Trident now in the design on a consensual basis of such a process (including milestones to be met in connection therewith as well as appropriate related arrangements). The goal is to be organized so that if a satisfactory refinancing proposal is not received, the proposal for the sale and investor solicitation process can be submitted for Court approval on the return date for the motion extending the CCAA stay of proceedings beyond January 15, 2010 and, if approved, initiated immediately.

To facilitate the commencement of such discussions, please provide us with a draft of Trident's proposed solicitation and sale process at your earliest convenience.

Yours truly,



Andrew J.F. Kent

cc: FTI Consulting Canada ULC, as Monitor of the Applicants  
McCarthy, Tetrault LLP, Counsel to the Monitor

Action No. 0901-13483  
Deponent: Neil Augustine  
Dated Sworn: January 12, 2010

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**IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
JUDICIAL DISTRICT OF CALGARY**

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IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF TRIDENT  
EXPLORATION CORP., FORT ENERGY CORP,  
FENERGY CORP, 981384 ALBERTA LTD., 981405  
ALBERTA LTD., 981422 ALBERTA LTD., TRIDENT  
RESOURCES CORP., TRIDENT CBM CORP.,  
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