

Action No.: 0901-13483
Deponent: Todd A. Dillabough
Date Sworn: November 30, 2009

**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, Todd A. Dillabough, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

OVERVIEW

1. I am the President, Chief Executive Officer, and Chief Operating Officer of Trident Exploration Corp. ("TEC"), the President, Chief Executive Officer, and Chief Operating Officer of Trident Resources Corp. ("TRC"), and a senior officer of each of the Applicants (collectively, "Trident"), 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. I am authorized by each of the Applicants to depose this Affidavit and I do so on their behalf.
2. All capitalized terms shall have the meaning ascribed to them in the affidavit I swore and caused to be filed in these proceedings on September 8, 2009 (the "Initial Affidavit"), unless otherwise indicated in this Affidavit.
3. I swear this affidavit in support of a motion by Trident to further extend the Stay Period granted in these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA") from the current expiry date of December 4, 2009 to January 15, 2010.

4. Trident has continued to demonstrate strong operational performance and positive cash flow. Gas prices have evidenced a general upward trend such that the market value of the company is rising. Trident has been working with its stakeholders and the Monitor to provide regular operational and financial updates. Since prior to the commencement of the CCAA proceedings, Trident and its financial advisors have had ongoing discussions with Trident's stakeholders concerning the sponsorship of a restructuring plan. On November 25, 2009, Trident's advisors sent letters to interested parties requesting formal sponsorship proposals by December 15, 2009 (the "RFPs").

5. Trident intends to continue its discussions with its stakeholders with a view towards returning to this Honourable Court for approval of such arrangements as may be necessary to provide DIP financing for Trident during these proceedings and a process to solicit plan sponsors or other strategic alternatives (the "Solicitation Process") which will ensure that the restructuring of Trident is advanced for the benefit of all of Trident's stakeholders.

BACKGROUND

6. The Applicants are a group of affiliated corporations in Canada and the United States in the business of natural gas exploration and development, principally focused on coal bed methane ("CBM") and shale gas from lands in the Western Canadian Sedimentary Basin ("WCSB"). The corporate structure is explained in detail in my Initial Affidavit.

7. Trident focuses on its developments in Horseshoe Canyon and Mannville, (CBM projects in Alberta), the Montney Shales (shale gas in B.C.), and the Columbia River Basin (CBM situated across the border of Washington and Oregon). As described more fully in my Initial Affidavit, as at the date hereof, Trident has natural gas and oil leasehold interests in approximately 1.7 million gross (1.3 million net) acres, of which approximately 75% are undeveloped and owns (on average) working interests of 53% in 1,091 economic producing wells.

8. All of the employees of Trident are employed by TEC. As at the date of this Affidavit, Trident has a streamlined workforce of 101 employees that are highly skilled and integrated.

9. At the commencement of these CCAA proceedings, Trident had four distinct material credit facilities through which it has generated most of its operating capital. The principal amount outstanding under such facilities is approximately \$1.1 billion USD. In addition to these secured and unsecured facilities, Trident has engaged in sales of its common and preferred stock through private transactions. Historically, Trident has been very successful in raising capital with current cumulative debt and equity investments of approximately \$1.7 billion USD.

10. As noted in my First Extension Affidavit (as defined below), quarterly reports prepared by Netherland Sewell & Associates Inc. have been provided to the First Lien Lenders (prior to the maturity of that facility), the Second Lien Lenders, the 06 Lenders, and the 07 Lenders routinely within 60 days of the quarter-end (and 90 days of the year-end) as prescribed in each lending agreement. Previous valuations were filed with the Court at the motion for the first extension on October 6, 2009 and were sealed by the Court. This valuation information demonstrates that the value of Trident's assets is significant and extends well beyond the debt held by the Second Lien Lenders.

11. TRC and TEC have a common Board of Directors which is currently comprised of a full slate of 11 directors, including members that have been appointed by the 07 Lenders, the preferred shareholders and the common shareholders. The Executive Chairman of the Board, Eugene Davis, and another board member, Tim Bernlohr, were appointed by the Board and have extensive experience in restructuring distressed companies.

STATUS OF THE PROCEEDINGS

CCAA Proceedings

12. On September 8, 2009, Trident sought and was granted an Order (the "**Initial Order**") under the CCAA providing, among other things, a stay of all proceedings against Trident during the Stay Period in order to permit Trident to take certain steps in furtherance of its restructuring.

13. On October 1, 2009, I swore an affidavit in these proceedings (the "**First Extension Affidavit**") in support of a motion by Trident which sought approval of (a) the extension of the Stay Period to December 4, 2009; (b) amendments to the Initial Order (the "**Amended and Restated Initial Order**"); and (c) the Retention Plan and related charge thereto.

14. At a hearing on October 6, 2009, an Order was approved which, among other things, extended the Stay Period until December 4, 2009 (the “**Extension Order**”). In addition, the Court directed that Trident, in consultation with other parties, including the Second Lien Lenders, revise the form of draft Amended and Restated Initial Order to incorporate various changes, including setting a cap on payment of pre-filing liabilities in an amount to be negotiated between the parties. The relief relating to the approval of the Retention Plan was adjourned.

15. On November 17, 2009, I swore an affidavit in these proceedings in connection with a motion by Trident seeking a revised form of Amended and Restated Initial Order to incorporate a cap on payment of pre-filing liabilities and approval of the Retention Plan. On November 20, 2009, an Order was made by this Honourable Court approving the Retention Plan.

16. As a result of a request from the Court for additional details regarding the payment of pre-filing liabilities by Trident, the Monitor submitted its third report to the Court dated November 20, 2009 which provided such information for a subsequent hearing on November 23, 2009. The Amended and Restated Initial Order was approved on November 23, 2009 and has been issued and entered.

US Proceedings

17. As noted in my First Extension Affidavit, TRC and its four U.S. subsidiaries (Aurora Energy LLC, NexGen Energy Canada, Inc., Trident CBM Corp. and Trident USA Corp. (collectively, the “**U.S. Debtors**”)) filed for protection under Chapter 11 of the U.S. Bankruptcy Code on September 8, 2009 (the “**Chapter 11 Cases**”). The U.S. Debtors’ cases have been assigned to the Honourable Judge Mary F. Walrath, United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”), and were consolidated for procedural purposes under lead case no. 09-13150.

18. Since the commencement of the Chapter 11 Cases, a number of motions and applications have been approved by the U.S. Bankruptcy Court, including:

- continued use of cash management systems and intercompany transfers (the “**Cash Management Order**”);
- continuation of insurance programs;

- payment of taxes;
- retention of ordinary course professionals;
- procedures for interim compensation of retained professionals;
- retention of Akin Gump Strauss Hauer & Feld LLP as counsel to the U.S. Debtors;
- retention of Richards, Layton & Finger, P.A. as local counsel to the U.S. Debtors;
- retention of The Garden City Group, Inc. as claims and noticing agent for the U.S. Debtors; and
- interim approval of a cross-border protocol (the “**Cross-Border Protocol**”).

19. A final hearing on the Cross-Border Protocol and the U.S. Debtors’ application to retain Rothschild Inc. (“**Rothschild**”) as investment banker has been scheduled in the Chapter 11 Cases for December 14, 2009. In addition to seeking the approval of the engagement of Rothschild as financial advisor to Trident in the U.S. proceedings, Trident intends to seek approval in the CCAA proceedings for the payment of Rothschild’s fees in addition to its currently approved Work Fees.

20. Pursuant to the terms of the Cash Management Order, the U.S. Debtors have been granted permission to continue to engage in intercompany transactions with other U.S. Debtors or their non-debtor affiliates. Intercompany claims held by one U.S. Debtor against another U.S. Debtor or by a non debtor affiliate against a U.S. Debtor arising from postpetition intercompany transactions will be afforded administrative expense status in the Chapter 11 Cases pursuant to section 503(b)(1) of the U. S. Bankruptcy Code.

21. The U.S. Debtors have also filed to date a number of financial reports and related disclosures in the Chapter 11 Cases including, their initial and first monthly operating reports, reports on valuation, operations and profitability of entities in which the U.S. Debtors hold a substantial or controlling interest, and schedules of assets and liabilities and statement of financial affairs (collectively, the “**Reports**”).

22. Further information relating to the Chapter 11 Cases, including copies of the Reports, can be found at www.tridentrestructuring.com.

OVERVIEW OF OPERATIONS

23. To date, Trident has maintained its operations in the normal course and has received ongoing support from an overwhelming majority of its vendors. Of some 800 vendors on Trident's books less than 5 vendors have declined to work with Trident since the CCAA filing.

24. Drilling operations recently resumed in the Northern Mannville CBM field in order to maintain key Thunder area mineral leases that would have otherwise expired over the next seven months. The drilling rig utilized for this project is under a multi-year contract to Trident and was purpose built for Trident's multilateral well design.

25. Trident is waiting for a third party gas plant expansion to be fully completed before initial production can commence in the Montney shale gas play. This gas plant was originally scheduled to start up on October 15, 2009, but we understand that the third party experienced delays during some phases of the complex construction project and now the start date is expected to be in early December, 2009.

26. A competitor company in the Snake River Basin in the North West United States approached Trident regarding its plans to drill a number of exploratory test wells in 2010 offsetting Trident's mineral leases. A verbal offer from this competitor company to pool lands to drill the exploratory locations was received but Trident has chosen to decline the offer at this time and will instead monitor the offsetting drilling activities thus preserving all of Trident's options for future consideration.

27. Since my swearing of the First Extension Affidavit, Trident has had 4 employee departures, including 2 managers. These losses equate to approximately 4% of the total staff and 12% of the management group within Trident. However, these departures predated the approval by the Court of the Retention Plan on November 20, 2009. In my view, the approval of the Retention Plan has improved employee morale and there have been no further departures since its approval.

28. I have reviewed the Fourth Report of the Monitor and agree with the Monitor's review of the operations and affairs of Trident.

STAKEHOLDERS

29. As discussed in my Initial Affidavit, TEC had a first lien credit agreement with The Toronto Dominion Bank (the “**TD Bank**”) for a maximum principal amount of \$10 million (the “**First Lien Credit Facility**”). The purpose of this facility was to provide revolving loans, banker's acceptances and letters of credit for Trident to use in the ordinary course of its business. As noted in my First Extension Affidavit, acceptable extension terms could not be successfully negotiated with TD Bank and this facility expired on October 2, 2009. As a result of TD Bank setting off against Trident’s cash reserves, there are no amounts outstanding under the First Lien Credit Facility.

30. TEC is a borrower of \$500 million USD under the Second Lien Credit Agreement which was granted by the Second Lien Lenders (a syndicate of U.S. lenders), which matures on April 26, 2011 for term advances of \$450 million and on April 26, 2012 for term advances of \$50 million. This facility is guaranteed by TEC’s Material Subsidiaries, and is secured by a second charge over all of the present and future assets and undertakings of TEC and TEC’s Material Subsidiaries. Since the commencement of the CCAA proceedings, Trident has not paid interest under the Second Lien Credit Agreement and there is accrued interest of approximately \$11.9 million USD as at September 30, 2009. Farallon Capital Management L.L.C., Special Situations Investment Group, Inc. (a Goldman Sachs affiliate) and Mount Kellett Capital Management LP (collectively the “**Required Lenders**”) together hold a majority of the indebtedness under the Second Lien Credit Agreement.

31. TRC is a borrower of \$270 million USD under the TRC 2006 Credit Agreement which was granted by the 06 Lenders (a syndicate of U.S. lenders), which along with associated interest paid in kind through principal advances, matures on November 24, 2011. This facility is secured by certain present and future assets of TRC. This facility is guaranteed by the following US subsidiaries of TRC: Aurora Energy LLC, Trident CBM Corp., NexGen Energy Canada Inc., and Trident US, all of whom have granted a first charge over all of their present and future assets and undertaking. This facility is additionally guaranteed by TEC and TEC’s Material Subsidiaries up to the limited amount of \$150 million USD, on an unsecured basis.

32. TRC is a borrower under the TRC 2007 Subordinated Credit Agreement for \$120 million CDN from the 07 Lenders (a syndicate of U.S. Lenders), which facility is unsecured and along with associated interest paid in kind through principal advances, matures on August 31, 2012. This facility is guaranteed by TRC's US Subsidiaries, subordinated in right of payment to the guarantees under the TRC 2006 Credit Agreement. There are additionally guarantees from TEC and TEC's Material Subsidiaries, which guarantees are subordinated in right of payment of the TEC Second Lien Credit Agreement.

33. TRC also has outstanding series A and series B preferred shares, each share being issued as a unit with a warrant to purchase shares of the common stock, in connection with the above noted financings. These warrants are presently estimated as not "in the money" and therefore have no dilutive effect.

34. Based on invoices received to date, Trident estimates that there is approximately \$20.4 million owing by Trident in respect of goods and services pertaining to the pre-filing period. This trade debt is made up of approximately 500 vendors. Trident management is aware that some vendors have filed liens against Trident's property, but these vendors represent a small number of the outstanding vendors that make up the trade debt and also the liens represent a relatively small portion (estimated to be less than \$3 million) of the unpaid pre-filing trade debt amount.

Communications with Stakeholders

35. Trident, its advisors and the Monitor have been in regular communication with Trident's major stakeholders regarding operations, financial updates, status of potential DIP financing proposals and the Solicitation Process.

36. At the request of the Second Lien Lenders, weekly calls have been established between Trident, the Second Lien Lenders, the Monitor and their respective advisors. In addition, Trident continues to provide its quarterly financial statements and reserve evaluations as well as various other reports required in its agreements to each of its lenders within the time periods stated in the lending agreements. Trident and the Monitor have provided the Second Lien Lenders with operational and financial updates as well as answers to specific inquiries. Attached hereto as

Exhibit "A" is an e-mail received on November 20, 2009 by Trident from a representative of one of the Required Lenders, Mount Kellett Capital Management LP (which is also part of the 06 Lenders group), expressing appreciation for Trident's efforts and the weekly updates.

37. As set out in my November 17, 2009 Affidavit, Trident, the Monitor, the Second Lien Lenders and their respective advisors also had extensive discussions regarding the revision of the Amended and Restated Order (including the pre-filing payment cap) and the attached Cross-Border Protocol. I am advised by my counsel that at the November 23, 2009 hearing, there was an issue as to whether the Second Lien Lenders had "agreed" to the terms of the Amended and Restated Initial Order, and, in particular, the proposed cap for payments of pre-filing liabilities notwithstanding their submission at the hearing that they were taking no position. Prior to Trident bringing on this motion, counsel for the Second Lien Lenders advised Trident in correspondence dated November 4, 2009 that the Second Lien Lenders would not oppose the granting of the Amended and Restated Initial Order with the proposed limits. In addition, counsel for the Second Lien Lenders confirmed by email on November 9, 2009 that the proposed wording of the draft order was satisfactory. Attached hereto as Exhibit "B" is a copy of this correspondence and email.

38. In addition, there are on-going discussions between Trident, the Monitor, the Required Lenders and their respective advisors regarding the contemplated DIP financing and the Solicitation Process which are described in more detail below.

39. Trident and its advisors have also had a number of discussions with representatives from the 06 Lenders, the 07 Lenders and the Preferred Shareholders regarding the Solicitation Process, the status of DIP financing proposals and operations generally.

40. In addition, there have been confidentiality agreements negotiated and executed by, among others, the counsel for the Required Lenders and representatives of the 06 Lenders and the 07 Lenders. Along with facilitating monthly presentations from Trident management, such confidentiality agreements have enabled these parties to access the Trident electronic data room. The data room contains extensive information regarding Trident and its assets and is periodically updated with additional information.

41. Trident and the Monitor have also had numerous discussions with its employees regarding the status of the restructuring proceedings, with other creditors and with ongoing counterparties under Joint Operating Agreements to address any concerns that they may have had and generally keep them apprised of the CCAA process.

42. Trident has now signed an agreement with Nexen Inc. relating to the payment of outstanding and future joint interest billings dating back to July of 2009 as set out in the Fourth Report of the Monitor.

FINANCIAL

Cash Flows

43. Trident has worked with the Monitor in developing the current Cash Flows which are described in the Fourth Report.

44. As the Cash Flows show positive results, Trident does not expect to require additional financing prior to the expiry of the requested extension of the Stay Period. Further, independent market data indicates a general trend for gas prices upwards from the 7 year lows witnessed in early September 2009 when Trident filed under the CCAA. It is management's belief that such positive movement will enhance Trident's market value.

45. Trident continues to have discussions with various parties regarding the terms of DIP financing. Proposals for DIP financing have been received from both the TD Bank and the Required Lenders. Trident has engaged in negotiations with both of these parties and comments on draft term sheets have been exchanged. While no decision has yet been made with respect to seeking approval of DIP financing, Trident's current view is that DIP financing would provide an additional liquidity cushion during the restructuring proceedings and allow Trident to service the Second Lien Lenders' interest charges. Trident anticipates finalizing decisions regarding DIP funding, in consultation with the Monitor and stakeholders, in the near future.

Cash Management and Inter-Company Loans

46. In my First Extension Affidavit, I stated that since the date of the Initial Order, no Inter-Company Loans except between TEC and Fort Energy Corp., TEC's wholly-owned subsidiary, have been made.

47. Under the terms of the Amended and Restated Initial Order there is a \$5 million USD cap on TEC and its subsidiaries for funding of TRC or its U.S. subsidiaries which includes the payment of U.S. based professionals. As of the filing of this report, approximately \$1 million USD in funds have been advanced by TEC to TRC since the commencement of the CCAA proceedings. No other amounts from any of TEC or its subsidiaries have been transferred to TRC or any of its U.S. subsidiaries. As the U.S. based professionals have accrued fees and disbursements in the amount of \$2,227,000 to date and are now being paid regularly, additional transfers in upcoming periods will be required, but such amounts will be significantly below the \$5 million USD cap during the current requested Stay Period extension. To the extent funds are advanced in accordance with the terms of the Amended and Restated Initial Order, there is an Inter-company Charge in the CCAA proceedings as well as administrative expense status in the Chapter 11 Cases.

FORMULATION OF A SOLICITATION PROCESS

48. Trident and its advisors have commenced formulating the Solicitation Process with various steps and a timeline with the goal of soliciting plan sponsors, recapitalization investors or other strategic alternatives to maximize value for Trident's stakeholders. In general, Trident's view is that the Solicitation Process should involve pursuing stand-alone restructuring proposals from its existing stakeholders, followed by third party restructuring proposals if necessary and a sales process if all other options are exhausted.

49. As part of Trident's efforts to solicit a stand-alone restructuring proposal from its stakeholders, on November 25, 2009, Rothschild sent the RFPs, which requested formal proposals by December 15, 2009, to representatives of all of Trident's major stakeholder groups. Attached hereto as Exhibit "C" is a copy of the form of RFPs sent to the various stakeholder representatives.

50. The Required Lenders have advised Trident that they believe the company should proceed to seek approval of a marketing process, particularly with the goal of a going concern sale. I understand that the Required Lenders want a sale process to be implemented in which an option is to credit bid their debt. On October 28, 2009 Trident's counsel received correspondence from counsel for the Required Lenders expressing their view that Trident should

develop and seek court approval of a sale process for its business as a going concern. A copy of this correspondence is attached hereto as Exhibit “D”.

51. As noted, Trident had already commenced internal discussions with its advisors regarding a solicitation process (and not merely a sale process) and accordingly advised the Required Lenders of its intentions to formulate the Solicitation Process. The corresponding response by Trident’s counsel is attached hereto as Exhibit “E”.

52. Trident and its advisors have had discussions with the Required Lenders, the 06 Lenders, the 07 Lenders, the Preferred Shareholders and the Common Shareholders regarding the Solicitation Process. Trident intends to continue such discussions during the extended Stay Period with the goal of attempting to formulate the Solicitation Process with the concurrence of the major stakeholders.

CONCLUSION

53. Trident is requesting an extension of the Stay Period granted under the Initial Order to January 15, 2010.

54. Trident expects to continue with its strong operational performance and to work with its stakeholders and the Monitor to maintain its current business and affairs and achieve a successful restructuring.

55. As a result of the positive cash flows to date, the positive forecast during the requested stay extension and the significant value that is available for stakeholders, Trident believes that there will be no prejudice to any party as a result of the extension of the Stay Period as requested.

56. Since prior to the Initial Order, Trident and its Financial Advisor have had various discussions with Trident’s stakeholders concerning the sponsorship of a stand-alone restructuring plan. During the extension period Trident will continue its discussions with its stakeholders with a view towards returning to this Honourable Court for approval of such arrangements as may be necessary for DIP financing and a process to ensure that the restructuring of Trident is advanced for the benefit of all of Trident’s stakeholders.

57. In the interim, I do verily believe that Trident is working in good faith and with due diligence in these proceedings and believe it to be in the best interests of Trident and its stakeholders to continue in these proceedings as outlined above.

58. I make this Affidavit in support of an application:

- (a) approving the extension of the Stay Period to January 15, 2010; and
- (b) such other and further relief as this Honourable Court may deem appropriate.

Sworn before me in the City of Calgary,)
in the Province of Alberta, the 30th day)
of November, 2009.)



A Commissioner of Oaths in and for the)
Province of Alberta)

Derek Pontin
Barrister and Solicitor



TODD A. DILLABOUGH

Alan Withey


From: Motroni, Marcus [MMotroni@MountKellett.com]
Sent: Friday, November 20, 2009 7:29 AM
To: Alan Withey
Subject: contact info

Alan- I think after the call this week someone was supposed to send around a working group list but I haven't seen it so below is my contact information. Thanks for all the time and effort your team has put into the process so far. We appreciate the weekly updates.

Regards,

Marcus

 **MOUNT KELLETT**
Marcus Motroni
Mount Kellett Capital Management
623 5th Avenue
New York, NY 10022
212-588-6119
mmotroni@mountkellett.com

THIS IS EXHIBIT " A " referred to in the Affidavit of
Todd Dillabaugh
Sworn before me this 30
Day of November D. 2009

A COMMISSIONER FOR OATHS
AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor

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Reply Attention of *Daniel V. MacDonald*
Direct Line *416.865.7169*
Internet Address *dan.macdonald@mcmillan.ca*
Our File No. *0085745*
Date *November 4, 2009*

EMAIL

Mr. Shayne R. Kukulowicz
Fraser Milner Casgrain LLP
1 First Canadian Place
39th Floor, 100 King Street West
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Mr. David W. Mann
Fraser Milner Casgrain LLP
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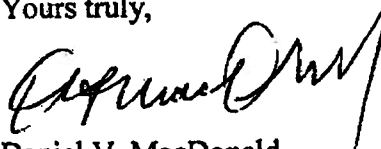
Gentlemen:

Re: Trident Exploration Corp. et al. – Pre-Filing Payments

We have now received instructions from our clients in connection with this matter.


If the company brings a motion, supported by affidavit evidence correcting the record before the court with respect to this issue, our clients will not oppose an order which amends paragraph 13 of the Amended and Restated Initial Order to permit pre-filing royalty payments up to a limit of \$1.75 million and pre-filing non-royalty payments up to a limit of \$1.25 million.

Yours truly,



Daniel V. MacDonald

/tb
Copy to: Sean F. Collins (McCarthy Tétrault)

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Todd Dillabough
Sworn before me this 30
Day of November, A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor

Kukulowicz, Shayne

From: Dan MacDonald [Dan.MacDonald@mcmillan.ca]
Sent: Monday, November 09, 2009 4:23 PM
To: Kukulowicz, Shayne; Wael Rostom; Brett Harrison
Cc: Mann, David; Wunder, Michael
Subject: RE: Amended and Restated Initial Order

Shayne:

The proposed wording is fine.

When do you anticipate having the motion heard?

mcmillan

Dan MacDonald

Partner (Chair - Litigation)
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From: Kukulowicz, Shayne [mailto:Shayne.Kukulowicz@FMC-Law.com]
Sent: Thursday, November 05, 2009 3:12 PM
To: Dan MacDonald; Wael Rostom
Cc: Mann, David; Wunder, Michael
Subject: Amended and Restated Initial Order

Hi Dan,

We are working on materials and a court date but in the meantime attached is a revised version of the order —only change is to para. 13 which tracks the language in your letter. Please let us know if this is satisfactory.

R. Shayne Kukulowicz
Fraser Milner Casgrain LLP
1 First Canadian Place
100 King Street West
Toronto, ON M5X 1B2
Direct Line: 416-863-4740

30/11/2009

Fax: 416-863-4592
shayne.kukulowicz@fmc-law.com

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<<Blackline V#4 and V#5 Amended and Restated Initial Order_CALDOCS_4346756_4-CALDOCS_4346756_5.DOC>> <<V.5 Trident Amended and Restated Initial Order - Changes Incorporated.DOC>>



PERSONAL AND CONFIDENTIAL

November 25, 2009


To Whom It May Concern:

On behalf of Trident Resources Corp. ("TRC") and Trident Exploration Corp. ("TEC") (collectively, "Trident" or the "Company"), we are soliciting binding proposals from existing stakeholders for a transaction to recapitalize the Company upon its emergence from insolvency proceedings (the "Transaction"). Rothschild Inc. ("Rothschild") is Trident's investment banker and financial advisor assisting the Company in evaluating Transaction proposals.

The Company requests that written, binding Transaction proposals be submitted to Rothschild no later than 5:00 p.m. Eastern Standard Time on December 15, 2009.

Your Transaction proposal must contain the following information:

1. **Proposed Transaction:** The terms of the Transaction should include but not be limited to:
 - Detailed description of Transaction structure
 - Treatment of the Company's key stakeholders, including:
 - Second Lien Credit Agreement lenders
 - 2006 TRC Credit Agreement lenders
 - 2007 TRC Loan Agreement lenders
 - General unsecured creditors
 - Series A and B Cumulative Preferred Stock holders
 - Common Stock holders
 - Terms of any securities to be issued in connection with the Transaction
 - Terms of any new capital or financing to be provided in connection with the Transaction
 - List of financing parties, as well as contact information and status of discussions with such parties
 - Board of Directors composition upon closing the Transaction and any other material governance provisions
2. **Material Conditions:** A list of any material conditions on which the proposed Transaction is contingent.
3. **Due Diligence:** A list of any remaining due diligence items, if any, and anticipated timing.
4. **Timing:** The date by which you would be able to close the Transaction and a detailed timeline including key milestones.

THIS IS EXHIBIT " C "
 referred to in the Affidavit of
Todd Dillabough
 Sworn before me this 30
 Day of November A.D. 2009

 A COMMISSIONER FOR OATHS
 IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
 Barrister and Solicitor

Transaction proposals should be addressed to Trident, in care of:

Rothschild Inc.
1251 Avenue of the Americas
New York, NY 10020

Attention: Neil Augustine
neil.augustine@rothschild.com

Bill Shaw
william.shaw@rothschild.com

Cc: Nigel Meakin, FTI Consulting (as Monitor)
nigel.meakin@fticonsulting.com

Although the foregoing reflects the Company's current intentions concerning the Transaction proposal solicitation process, the Company, at its sole discretion, reserves the right to consider any and all factors in determining which party is invited to participate in any stage of the process, to alter the process (including the timeline) at any time and in any manner, to terminate, modify or suspend discussions with any or all parties, to negotiate with any parties with respect to any potential Transaction involving the Company, and to consummate any such Transaction without prior notice to you or other potential parties to a Transaction.

Rothschild is available throughout the process to assist you in your evaluation of a Transaction. If you have any questions, please feel free to contact Neil Augustine, Bill Shaw, Marcelo Messer or Vinod Chandiramani. We kindly request that any diligence-related requests be directed to Vinod Chandiramani, Justin Aylward and Greg de Haydu. Contact information is included below for your reference:

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William Shaw
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Vinod Chandiramani
Associate
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Gregory de Haydu
Analyst
(212) 403-3747
gregory.dehaydu@rothschild.com

On behalf of Trident, we would like to thank you for your interest and we look forward to discussing this opportunity further with you.

Very truly yours,

William Shaw
Managing Director

Reply Attention of **Andrew Kent**
Direct Line **416.865.7160**
Internet Address **Andrew.Kent@mcmillan.ca**
Our File No. **0085745**
Date **October 28, 2009**

FRASER MILNER CASGRAIN LLP
15th 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")

Over the course of several months prior to filing under the *Companies' Creditors Arrangement Act*, your clients, with the assistance of their financial advisor Rothschild Inc., sought out various restructuring and recapitalization proposals from existing stakeholders. As at the date of filing under the CCAA, your clients did not have any binding proposals in hand for refinancing, recapitalization or to otherwise restructure the balance sheets of the Trident corporate group.

After Trident filed under the CCAA, our clients met with you and Rothschild and advised that they would be supportive of providing Trident with a short period of time to obtain binding refinancing/recapitalization proposals which our clients would then consider. At the time our clients cautioned Rothschild, however, that TEC and its subsidiaries (and accordingly our client's collateral) should not fund the costs of a process that was primarily for the benefit of investors in Trident Resources Corp ("TRC").

In the Monitor's October 1, 2009 report, it stated that "It is currently contemplated that one or more [refinancing] proposals will be received within the next two

THIS IS EXHIBIT "D"
referred to in the Affidavit of
Todd Dillabough
Sworn before me this 30
Day of November A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor

weeks".¹ We assume that this has not occurred as we have not been advised of that any proposals have been received.

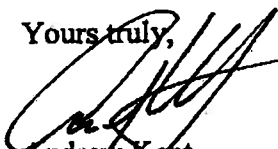
We are now seven weeks into the CCAA process and your clients have still not obtained any binding proposals from other stakeholders. We are in a situation where your clients want to continue to finance this search for refinancing using the Required Lenders collateral while at the same time not making any interest payments to the Required Lenders or reimbursing our clients' professional costs although these are obligations under the Credit Agreement.

Our clients believe that it is time for TEC to develop and seek court approval of a sales process, acceptable to our clients, for the sale of its business as a going concern. The sale process will put in place a process that appears more likely to lead to a timely and successful conclusion than the refinancing and recapitalization process that Trident has been pursuing for many months without any concrete results. Commencing such a process will assist in providing an alternative against which any such refinancing or recapitalization plan can be measured.

Trident and its advisors have been putting forward the view that there is more value in the business than is owed to the Lenders under the Credit Agreement without any market evidence for this position. Running the sales process will provide a market view of value. The sales process should be designed, however, so that our clients can protect against the assets being sold to a third party for a price below what is owed under the Credit Agreement.

We look forward to commencing discussions with you regarding the design and implementation of a sales process.

Lastly, we would like to set up a weekly call among your client, the Monitor, the Required Lenders and, if necessary, each of their respective counsel to discuss the progress of this proceeding. We would suggest scheduling the calls at Mondays at 2 pm EST with the first call, in which we would like to discuss the timing of a possible sale process, occurring on November 2 at 2 pm EST.

Yours truly,

Andrew Kent

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

¹ First Report of the Monitor, at para. 23.



FRASER MILNER CASGRAIN LLP

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

Sent Via E-mail


November 5, 2009

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

Attention: Mr. Andrew Kent

Dear Sirs:

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

THIS IS EXHIBIT " E "
referred to in the Affidavit of
T. da Dillabangh
Sworn before me this 30
Day of November A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Derek Pontin
Barrister and Solicitor

Thank you for your letter dated October 28, 2009 and the letter of your colleague Mr. Harrison dated November 3, 2009.

Trident's restructuring advisors have been working with the Monitor on a process for the solicitation of a plan sponsor or a sale. The Required Lenders' request for a solicitation process will be an agenda item at the next meeting of Trident's board of directors currently scheduled for November 12, 2009. Subject to authorization from the board of directors, we intend to formulate a draft solicitation process, consult with Trident's stakeholders, including the Required Lenders, on the terms thereof and seek court approval of such solicitation process on a hearing before the Alberta Court prior to the expiry of the stay on December 4, 2009.

In terms of updates for the Required Lenders, we recently had a call on October 30, 2009 for such purpose and we discussed further updates at regular intervals. In this regard, we have consulted with the Monitor and are proposing a weekly update call each Tuesday at 3:00 p.m. EST commencing November 10, 2009. To the extent that the Required Lenders require information on specific issues, we would request that you provide us with advance notice of same.

Yours truly,

FRASER MILNER CASGRAIN LLP


R. Shayne Kukulowicz

RSK*mk

cc: T. Dillabough / A. Withey, Trident
D. Mann / M. Wunder, FMC
N. Meakin / G. Watson, FTI
S. Collins, McCarthy
I. Dizengoff / S. Alberino / R. Jacobs, Akin Gump

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Action No. 0901-13483
Deponent: Todd A. Dillabough
Dated Sworn: November 30, 2009

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

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Barristers and Solicitors

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850 2 Street SW
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T2P 0R8

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Fax: 416-863-4592
File: 539728-1