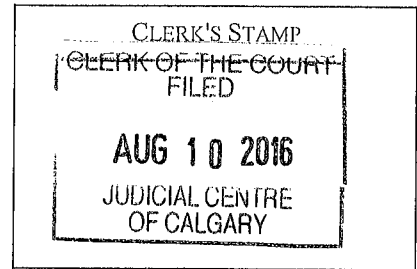


FORM 49  
[RULE 13.19]



COURT FILE NUMBER 1601 – 03113  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

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

**AND IN THE MATTER OF THE COMPROMISE  
OR ARRANGEMENT OF QUICKSILVER  
RESOURCES CANADA INC., 0942065 B.C. LTD.  
and 0942069 B.C. LTD.**

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Kevin Zych  
Tel No.: 403-298-4485 / 416-777-5738  
Fax No.: 403-265-7219 / 416-863-1716

**AFFIDAVIT OF BOB MCGREGOR**

**Sworn on August 10, 2016.**

I, Bob McGregor, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Vice President, Finance of each of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**" or "**QRCI**") and 0942065 B.C. Ltd. ("**LNG Co**" and together with Quicksilver Canada, the "**Applicants**"). As such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. J. David Rushford previously swore an Affidavit in this Action on March 8, 2016 (the "**Rushford Affidavit No. 1**"). Where I use capitalized terms in this Affidavit, but do not define them, I intend them to bear their meanings as defined in the Rushford Affidavit No. 1.

### **Relief Requested**

3. This Affidavit is made in support of an Application by the Applicants for the following Orders:
  - (a) an Order (the "**Extension Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to extend the Stay Period granted in favour of the Applicants and defined in the Initial Order granted by this Honourable Court on March 8, 2016 and extended by way of Order granted by this Honourable Court on April 5, 2016 and May 26, 2016 that the Extension Order extend the stay period *nunc pro tunc* from August 5, 2016 to September 30, 2016 (the "**Third Stay Extension**"); and
  - (b) such further and other relief, advice and directions as counsel may request and this Honourable Court may deem just and appropriate in the circumstances.

### **Second Stay Extension**

4. Since the granting of the Second Stay Extension on May 26, 2016, the Applicants have taken significant steps to advance these restructuring proceedings, including but not limited to:
  - (a) cooperating with the Monitor to facilitate its monitoring of the Applicants' business and operations;
  - (b) closing the sale transactions with respect to all of the substantial assets of the Applicants and working with the purchasers and regulatory bodies on post-closing matters;
  - (c) communicating with the Applicants' primary creditors and stakeholders and their advisors regarding a Plan of Compromise and Arrangement (a "**Plan**") that will

allow for the most efficient method of monetizing the assets of the Applicants, determining claims against the Applicants and their directors and officers, and distributing proceeds to creditors;

- (d) implementing the Claims Procedure approved by the Court on May 26, 2016;
  - (e) on June 28, 2016, making applications to this Honourable Court which resulted in Orders, among other things, appointing Miles Davison LLP as representative ("**Representative Counsel**") for certain terminated employees of the Applicants, authorizing the bankrupting of Makarios Midstream Inc. ("**MMI**") and dealing in an orderly fashion, with various licences related to the British Columbia oil and gas business conducted by the Applicants and MMI;
  - (f) working with the Monitor to assess the claims submitted pursuant to the Claims Procedure and working with the Monitor and various creditors, including Representative Counsel, to seek to efficiently resolve all disputes items regarding creditors' claims against the Applicants; and
  - (g) continuing to operate and manage the Applicants' business in the ordinary course, subject to the terms of the Initial Order.
5. The Applicants believe that extending the stay period for the Third Stay Extension will provide the Applicants the time needed to complete the Claims Procedure and formulate a Plan to be presented to their creditors.
6. The Applicants intend to use the Third Stay Extension to continue to advance the following initiatives:
- (a) resolving consensually (if possible) any remaining disputed claims with the Applicants' creditors;
  - (b) finalizing the Plan;
  - (c) seeking an Order from this Honourable Court authorizing the Applicants to hold a meeting of their creditors to vote on the Plan; and

- (d) time permitting, seeking an Order sanctioning the Plan and then implementing the Plan.


**Cash Flow During the Third Stay Extension**

- 7. As was set out in the Rushford Affidavit No. 1, the Applicants' principal uses of cash continue to consist of the ongoing day-to-day operational expenses of the Applicants, including with respect to field operations, such as payroll, transportation and office related expenses, and professional fees and disbursements in connection with these CCAA proceedings.
- 8. The Applicants in conjunction with the Monitor have prepared a revised cashflow statement covering the Third Stay Extension, which I understand will be included in a Monitor's Report to be filed in connection with this application. The Applicants will have sufficient cashflow to fund their operations during the Second Stay Extension.

**Conclusion**


- 9. I swear this my Affidavit in support of an Application for the relief set out in paragraph 3 hereof and for no improper purpose.

SWORN (OR AFFIRMED) BEFORE ME  
at Calgary, Alberta, this 10<sup>th</sup> day of August,  
2016.

  
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A Commissioner for Oaths

in and for the Province of Alberta

**CHRIS SIMARD**  
Barrister and Solicitor

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) **BOB MCGREGOR**  
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