

COURT FILE NUMBER 1601-03113

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT **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 **ORDER (Approval and Vesting)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
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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
Client File No.: 39944.88

I hereby certify this to be a true copy of
the original DJB
Dated this 29 day of March, 2016
A. B. Nixon
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 29, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: D.B. Nixon

UPON the application of Quicksilver Resources Canada Inc. (the "**Applicant**", "**QRCI**" or the "**Debtor**") for an Order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement between the Applicant and CPC Resources ULC (the "**Purchaser**") made as of March 1, 2016 (the "**Sale Agreement**") and attached as Exhibit "1" to the Affidavit of Adam Dunayer dated March 14, 2016 (the "**Dunayer Affidavit**"), filed, and

vesting in the Purchaser the Applicant's right, title and interest in and to the Oil and Gas Assets (as defined in the Sale Agreement and hereinafter the "**Purchased Assets**"); AND UPON having read the Dunayer Affidavit and the First Report of FTI Consulting Canada Inc., the Court-appointed Monitor of the Applicant (the "**Monitor**"), filed; and the Confidential Supplement thereto; AND UPON hearing the submissions of counsel for the Applicant, the Monitor, the Purchaser and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.
2. The Transaction is hereby approved, and the Sale Agreement is declared to be commercially reasonable and in the best interests of QRCI and its stakeholders. The execution of the Sale Agreement by QRCI is hereby authorized, ratified, confirmed and approved, with such minor amendments as QRCI may deem necessary. QRCI is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. Upon the delivery of a Monitor's Certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Monitor's Certificate**"), all of QRCI's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:
 - (a) any Encumbrances or Charges (as created by and defined in the Initial Order of the Honourable Mr. Justice D.B. Nixon dated March 8, 2016 and any other Orders granted in this Action);

- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, the *Mines and Minerals Act*, the *Land Titles Act* or any other personal, mineral or real property registry system; and
- (c) those Claims listed in **Schedule "B"** hereto;

(all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. Upon the delivery of the Monitor's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees:

- (a) the Registrar of Land Titles of Alberta (the "**Registrar**") is hereby authorized, requested, and directed to:
 - (i) cancel the existing Certificates of Title for the Lands (as defined and set out in **Schedule "C"** hereto);
 - (ii) enter the Purchaser as the owner and/or lessee of the mines and minerals comprising the Purchased Assets (as defined in the Sale Agreement) (the "**Real or Mineral Property**");
 - (iii) delete and expunge from title to the Real or Mineral Property all of the Claims listed in **Schedule "B"** hereto;
 - (iv) issue new Certificates of Title for the Lands in the name of the Purchaser (or its nominee); and
 - (v) register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Lands to the Purchaser (or its nominee), which Certificates of Title shall be subject only to those encumbrances (the "**Permitted Encumbrances**") as defined in the Sale Agreement and/or listed on **Schedule "D"** hereto; and

- (b) the Department of Energy and the Minister of Energy is hereby authorized, requested, and directed to:
- (i) enter the Purchaser as the owner and/or lessee of the mines and minerals comprising the Real or Mineral Property subject only to the Permitted Encumbrances as defined in the Sale Agreement and/or listed on **Schedule "D"** hereto; and
 - (ii) delete and expunge from title to the Real or Mineral Property all of the Claims listed in **Schedule "B"** hereto.
5. This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the Land Titles Act, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
6. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
7. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against QRCI.
8. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

9. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor. All Assigned Contracts, including any Post-Closing Consent Contracts (each as defined in the Sale Agreement) for which a consent is obtained in accordance with the Sale Agreement or in respect of which a further Order of this Court is made pursuant to Section 11.3 of the CCAA (collectively, "**Purchased Contracts**") are and shall remain in full force and effect, unamended, upon the closing of the Transaction, and no person that is a party to any such Purchased Contracts (a "**Purchased Contract Counterparty**") may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right to terminate, change or otherwise replace the operator of any Purchased Assets, or otherwise prevent the assignment of such operatorship from the operator to its designated assignee) or make any demand under or in respect of any such Purchased Contract, and no automatic termination or exercise of rights or remedies will have any validity or effect, by reason of: (i) any event that occurred on or prior to closing of the Transaction and is not continuing or has not been waived that would entitle such Purchased Contract Counterparty to enforce those rights and remedies (including, without limitation, the Debtor's being or having admitted it is insolvent or its having commenced the within insolvency proceedings or having obtained any statutory or judicial relief in the within proceedings); or (ii) the Debtor's entering into and performing its obligations under the Sale Agreement and the closing of the Transaction, including the sale and assignment of the Purchased Contracts by the Debtor to the Purchaser and the change in ownership and control of the Purchased Assets (collectively, an "**Debtor's Insolvency Defaults**"). Each Purchased Contract Counterparty shall be deemed to have waived the Debtor's Insolvency Defaults and any defaults or breaches of covenants, representations, warranties, undertakings, obligations or other agreements arising directly or indirectly therefrom under the applicable Assigned Contracts.
10. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Debtor.

11. The Monitor shall file with the Court a copy of the Monitor's Certificate, concurrent with the delivery thereof to the Purchaser.
12. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, QRCI is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
13. Notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of QRCI and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the QRCI;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of QRCI and shall not be void or voidable by creditors of QRCI, nor shall it constitute nor be deemed to be a transaction at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
14. The Debtor, the Purchaser (or its nominee), the Monitor and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

15. 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 Order and to assist QRCI, the Monitor and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to QRCI and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist QRCI and the Monitor and their agents in carrying out the terms of this Order.

"B.B. Nixon"

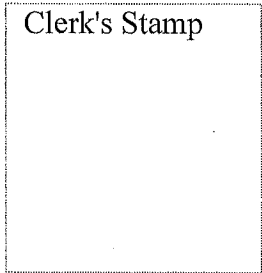
J.C.Q.B.A

SCHEDULE "A"
FORM OF MONITOR'S CERTIFICATE

COURT FILE NUMBER 1601-03113

COURT COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY



APPLICANT **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 **MONITOR'S CERTIFICATE**

ADDRESS FOR SERVICE **BENNETT JONES LLP**
AND CONTACT Barristers and Solicitors
INFORMATION OF 4500 Bankers Hall East
PARTY FILING THIS 855 – 2nd Street S.W.
DOCUMENT 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
Client File No.: 39944.88

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice D.B. Nixon of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated March 8, 2016, FTI Consulting Canada Inc. was appointed as the monitor (the "**Monitor**") of the undertaking, property and assets of the applicants in this Action, including Quicksilver Resources Canada Inc. (the latter of which is hereinafter referred to as the "**Debtor**").

- B. Pursuant to an Order of the Court dated March 29, 2016, the Court approved the Asset Purchase and Agreement made as of March 1, 2016 (the “**Sale Agreement**”) between the Debtor and CPC Resources ULC (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article X of the Sale Agreement have been satisfied or waived by QRCI and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and QRCI has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article X of the Sale Agreement have been satisfied or waived by QRCI and the Purchaser (or its nominee);
3. The Transaction has been completed to the satisfaction of the Monitor; and
4. This Certificate was delivered by the Monitor at _____ on _____, 2016.

FTI Consulting Canada Inc., in its capacity as Monitor of Quicksilver Resources Canada Inc., 0942065 B.C. Ltd. and 0942069 B.C. Ltd. and not in its personal capacity.

Per: _____

Name:

Title

SCHEDULE "B"

"Claims"

1. *Personal Property Security Act (Alberta)*

Registration Number:	11083138783
Registration Type:	Security Agreement
Registration Date:	2011-Aug-31
Expiry Date:	2021-Aug-31
Debtor(s):	Quicksilver Resources Canada Inc.
Secured Party / Parties:	JPMorgan Chase Bank, N.A.
Collateral: General:	All of the debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate.

Registration Number:	11083138902
Registration Type:	Land Charge
Registration Date:	2011-Aug-31
Expiry Date:	Current
Debtor(s):	Quicksilver Resources Canada Inc.
Secured Party / Parties:	JPMorgan Chase Bank, N.A.

Registration Number:	12092718410
Registration Type:	Security Agreement
Registration Date:	2012-Sep-27
Expiry Date:	2012-Sep-27
Debtor(s):	Quicksilver Resources Inc. (<i>Inexact Match</i>)
Secured Party / Parties:	JPMorgan Chase Bank, N.A., Toronto Branch
Collateral: General:	1,025,841 Common Shares in the capital of Quicksilver Resources Canada Inc. including (a) all rights, title, powers, privileges, remedies and interests of the debtor as the holder of such shares and under the organizational documents of Quicksilver Resources Canada Inc., (b) all dividends, cash, instruments, rights to subscribe, purchase or sell and all other rights and property from time to time received, receivable or otherwise distributed in respect of or in exchange for such shares, (c) all replacements, additions to and substitutions for any of the property referred to herein, including, without limitation, claims against third parties, (d) the proceeds, interest, profits and other income of or on any of the property referred to herein, (e) all security entitlements in respect of any of the foregoing and (f) all books and records relating to the collateral and any of the property referred to herein.
Proceeds:	goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act) and insurance proceeds.

2. *Litigation*

Judicial Actions (Alberta Province Wide)

Action Number:	Q0601 12671
Plaintiff:	Quicksilver Resources CA
Defendant:	Quicksilver Resources CA
Type of Action:	St. of Claim – Accounting
Last Action:	Satisfaction Piece (Oct 16, 2015)

Action Number:	Q1503 07813
Plaintiff:	Quicksilver Resources CA
Defendant:	Quicksilver Resources CA
Type of Action:	Statement Claim Judgment
Last Action:	Statement of Defence (Jun 23, 2015)

Action Number:	Q0601 12671
Plaintiff:	Encana Corp.
Defendant:	Quicksilver Resources CA
Type of Action:	St. of Claim – Accounting
Last Action:	Satisfaction Piece (Oct 16, 2015)

Action Number:	Q0701 08933
Plaintiff:	Quicksilver Resources CA Barnwell of Canada Ltd.
Defendant:	Quicksilver Resources CA
Type of Action:	Statement of Claim Order
Last Action:	Discontinuance C/Claim (Feb 26, 2010)

Action Number:	Q0801 16048
Plaintiff:	Quicksilver Resources CA
Defendant:	Quicksilver Resources CA
Type of Action:	State Claim – Declaration
Last Action:	Statement of Defence (Aug 10, 2010)

Action Number:	Q1101 17577
Plaintiff:	Quicksilver Resources CA
Defendant:	Quicksilver Resources CA
Type of Action:	State Claim – Declaration
Last Action:	Order Consolidate Files 01 (Feb 19, 2015)

Action Number:	Q1301 08232
Plaintiff:	Edwards, Clifford Edwards-Sawatzky, Beverl*
Defendant:	Quicksilver Resources CA
Type of Action:	Statement Claim – Damages
Last Action:	File Closed (Feb 27, 2015)

Action Number:	Q1412 00032
Plaintiff:	Craft, Ann
Defendant:	Quicksilver Resources CA
Type of Action:	Statement Claim – Damages
Last Action:	None listed

Action Number:	Q1501 05036
Plaintiff:	Reiter, Zane Zelta Capital Partners L
Defendant:	Quicksilver Resources CA
Type of Action:	Statement Claim Judgment
Last Action:	Appl Appeal Master Decism (Dec 14, 2015)

Action Number:	Q1503 07813
Plaintiff:	Her Majesty The Queen, A Minister of Energy
Defendant:	Quicksilver Resources CA
Type of Action:	Statement Claim Judgment
Last Action:	Statement of Defence (Jun 23, 2015)

3. Caveats registered at the Land Titles Office

Instrument Number:	151299434
	151299442
	152362007
	152361985
	152362001
	152362002
	152362003
	152362004
	15236200
	15236200
	152362008

(in favour of JPMorgan Chase Bank, N.A. Toronto Branch, as Administrative Agent)

3. Security Notice registered at the Department of Energy

Security Notice Number 1501312

(in favour of JPMorgan Chase Bank, N.A. Toronto Branch, as Administrative Agent)

SCHEDULE "C"

"Lands"

1. Certificates of Title issued by the Land Titles Office

Certificate of Title Number:	031224104 – SURFACE
	051200578 – MINERAL
	051254729 – MINERAL
	051255022 – MINERAL
	051283914 – MINERAL
	051319676 – MINERAL
	051325074 – MINERAL
	051403155 – MINERAL
	061024117 – MINERAL
	061080980 – MINERAL
	062059792 – MINERAL
	071141188 – MINERAL
	102385103 – MINERAL
	152126442 - MINERAL

SCHEDULE "D"

"Permitted Encumbrances"

As defined in the Sale Agreement