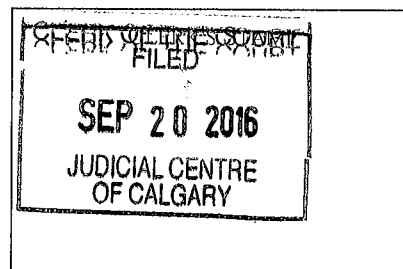


FORM 49
[RULE 13.19]



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
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AFFIDAVIT OF BOB MCGREGOR

Sworn on September 20, 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 the Orders granted by this Honourable Court on April 5, 2016, May 26, 2016 and August 15, 2016, to and including November 30, 2016 (the "**Fourth 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.

Stay Extension

4. Since the granting of the third stay extension on August 15, 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) 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;

- (c) in conjunction with the Monitor, holding discussions with Miles Davison LLP as representative counsel ("**Representative Counsel**") for certain terminated employees of the Applicants (the "**Represented Group**"), to seek to resolve the contested claims of the Represented Group, which discussions have resulted in an agreement in principle, that is currently being formalized;
 - (d) 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
 - (e) continuing to operate and manage the Applicants' business in the ordinary course, subject to the terms of the Initial Order.
5. The Applicants intend to use the Fourth Stay Extension to continue to advance the following initiatives:
- (a) resolving consensually (if possible) any remaining disputed claims with the Applicants' creditors;
 - (b) seeking this Court's approval of the agreement with the Represented Group;
 - (c) finalizing the Plan;
 - (d) seeking an Order from this Honourable Court authorizing the Applicants to hold a meeting of their creditors to vote on the Plan; and
 - (e) time permitting, seeking an Order sanctioning the Plan and then implementing the Plan.

Cash Flow During the Fourth Stay Extension

6. 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.

The Applicants in conjunction with the Monitor have prepared a revised cashflow statement covering the Fourth 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 Fourth Stay Extension.

Conclusion

7. 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 20th day of)
September,)
2016.)

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

CHRIS SIMARD
Barrister and Solicitor

BOB MCGREGOR)