

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

**APPLICATION BY QUICKSILVER
RESOURCES CANADA INC., 0942065 B.C.
LTD. and 0942069 B.C. LTD.**

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
Client File No.: 39944.88

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: April 22, 2016
Time: 8:30 a.m.
Where: Calgary Courts Centre
601 5th Street SW, Calgary, Alberta
Before Whom: The Honourable Mr. Justice C. M. Jones on the Commercial
List

Go to the end of this document to see what else you can do and when you must do it.

This Application is being made by Quicksilver Resources Canada Inc. ("**Quicksilver Canada**"), 0942065 B.C. Ltd. ("**LNG Co**") and 0942069 B.C. Ltd. ("**LNG SubCo**") (the "**Applicants**"). All capitalized terms used but not defined in this Application shall bear their meanings as defined in the Affidavit of J. David Rushford sworn on March 8, 2016 (the "**Rushford Affidavit No. 1**") and the Second Affidavit of Adam Dunayer sworn April 12, 2016 (the "**Second Dunayer Affidavit**").

Remedy claimed or sought:

1. An Order declaring that the within Application is properly returnable on April 22, 2016 and that service of this Notice of Application on the service list is validated and deemed good and sufficient.
2. An Order, in substantially the form of the proposed Order attached hereto as Schedule "A" (the "**Horn River Approval and Vesting Order**"), granting relief including but not limited to:
 - (a) approving the transaction (the "**Horn River Transaction**") contemplated by the Horn River APA (as defined in and attached as Exhibit "1" to the Second Dunayer Affidavit);
 - (b) authorizing Quicksilver Canada to complete the Horn River Transaction; and
 - (c) ordering that upon delivery of the closing certificate in respect of the Horn River Transaction by FTI Consulting Canada Inc. the Court-appointed Monitor of the Applicants (the "**Monitor**") in these proceedings to Rockyview Resources Inc. (the "**HRB Purchaser**"), all of Quicksilver Canada's right, title and interest in and to the Oil and Gas Assets (as defined in the Horn River APA) shall vest in the HRB Purchaser or its assignee, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Horn River Approval and Vesting Order;
3. An Order in substantially the form of the proposed Order attached hereto as Schedule "B" (the "**Discovery LNG Approval and Vesting Order**"), granting relief including but not limited to:

- (a) approving the transaction (the "**Discovery LNG Transaction**") contemplated by the Discovery LNG APA (as defined in and marked as Exhibit "2" to the Second Dunayer Affidavit) (the Horn River Transaction and the Discovery LNG Transaction are collectively referred to herein as the "**Transactions**");
 - (b) authorizing the Applicants to complete the Discovery LNG Transaction; and
 - (c) ordering that upon delivery of the closing certificate in respect of the Discovery LNG Transaction by FTI Consulting Canada Inc. the Court-appointed Monitor of the Applicants (the "**Monitor**") in these proceedings to 1069130 B.C. Ltd. (the "**Discovery LNG Purchaser**"), all of LNG Co's right, title and interest in and to the Acquired Assets (as defined in the Discovery Sale Agreement) and all of and LNG SubCo's right title and interest in and to the Acquired Assets shall vest in the Discovery LNG Purchaser, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Discovery LNG Approval and Vesting Order;
4. An Order in substantially the form of the proposed Order attached hereto as Schedule "C", sealing the Confidential Supplement to the Third Report of the Monitor;
 5. An Order in substantially the form of the proposed Order attached hereto as Schedule "D" approving the distribution, after the closing of the Transactions, of all of the net proceeds of the Transactions to repay the Agent (as defined in the Rushford Affidavit No. 1) on behalf of the lenders under the Credit Facility (as defined in the Rushford Affidavit No. 1); and
 6. Such further and other relief as this Honourable Court may deem just in all of the circumstances.

Grounds for making this application:

The Sale Approval and Vesting Orders and the Distribution Order

7. On March 8, 2016, the Applicants commenced an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and were granted an Initial Order (the "**Initial Order**") (the "**CCAA Proceedings**").

8. On or around September 17, 2015, the Applicants, with the assistance of Houlihan, commenced a formal sale process to sell its shares or assets (the "**QRCI Sale Process**").
9. The Applicants, with the assistance of Houlihan, have conducted a thorough and comprehensive canvassing of the market, and all alternatives and expressions of interest for the B.C. Assets were properly and thoroughly pursued.
10. The Purchaser made a formal bid in the sales process for the B.C. Assets (the "**B.C. Assets Bid**"). The B.C. Assets Bid offers cash consideration above a nominal value, mitigates the risk of certain contingent environmental liabilities, and was the highest and best overall bid received, in terms of purchase price, certainty of the Purchaser's ability to close the Transactions, and other material terms of the Transactions.
11. The Monitor was kept apprised throughout the QRCI Sales Process and is satisfied that a sufficient effort was made to get the best price for the B.C. Assets and that further marketing efforts are not required.
12. The Monitor's counsel has opined that the security held by the Agent in connection with the Credit Facility is valid and enforceable.

The Sealing Order

13. The Confidential Supplement to the Third Report of the Monitor, to be filed, will contain and discuss matters of a highly sensitive commercial nature, and their publication before the contemplated approval application could result in serious commercial damage to the Debtors and the Purchaser and could prejudice any future sales process, in the event that the Transactions do not close, to the detriment of the Debtors' stakeholders.
14. The sealing order is the least restrictive and prejudicial alternative to prevent the dissemination of commercially sensitive information about the Transactions, the transaction documents related to each of the Transactions, and commercially sensitive information about the Purchaser, the Debtors, and their respective stakeholders.
15. It is fair and just in the circumstances to restrict public access to the Confidential Appendices to the Third Report of the Monitor.

General

16. Such further and other grounds as this Honourable Court as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

17. The pleadings and proceedings had and taken in this Action, including the Second Dunayer Affidavit, filed;
18. The Monitor's Third Report and the Confidential Supplement thereto; and
19. Such further or other material or evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

20. Part 6, Division 1 of the *Alberta Rules of Court*; and
21. Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

22. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
23. *Judicature Act*, R.S.A. 2000, c. J-2, s. 13(2); and
24. Such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

25. None.

How the application is proposed to be heard or considered:

26. In person before the presiding Justice on the Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

PROPOSED HORN RIVER APPROVAL AND VESTING ORDER

CLERK'S STAMP.

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
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and 0942069 B.C. LTD.**

DOCUMENT **ORDER (Approval and Vesting)**

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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

DATE ON WHICH ORDER WAS PRONOUNCED: April 22, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice C.M. Jones

UPON THE APPLICATION by Quicksilver Resources Canada Inc. (the "**Debtor**") for an Order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement between the Debtor as seller and 1069130 B.C. Ltd. as purchaser made as of March 21, 2016 (the "**Sale Agreement**"), and with respect to which the interest of 1069130 B.C. Ltd. as purchaser was assigned effective March 23, 2016 to Rockyview Resources Inc. (the

"Purchaser"), and attached as Exhibit "1" to the Second Affidavit of Adam Dunayer dated April 12, 2016 (the "Second 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 Second Dunayer Affidavit and the Third Report of FTI Consulting Canada Inc., the Court-appointed Monitor of the Applicant (the "Monitor"), filed, the Confidential Supplement thereto and the Affidavit of Service of •;

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. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

SERVICE

2. 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.

APPROVAL OF TRANSACTION

3. The Sale Agreement is hereby approved in its entirety and is declared to be commercially reasonable and in the best interests of the Debtor and its stakeholders. The Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized and approved, with such minor amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to complete the Transaction, subject to the terms of the Sale Agreement, to perform its obligations under the Sale Agreement and any ancillary documents related thereto, and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser.

4. Upon the delivery of a Monitor's Certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "**Monitor's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely, exclusively, entirely and forever in the Purchaser, free and clear of and from any and all rights, claims, titles, interests, prior claims, security interests (whether contractual, statutory, or otherwise), caveats, mortgages, pledges, hypothecs, hypothecations, trusts or deemed or constructive trusts (whether contractual, statutory, or otherwise), liens, executions, judgments, writs of seizure and sale, options, adverse claims, priorities, levies, charges, taxes 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 and claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia), the *Land Title Act* (British Columbia) or any other personal, mineral or real property registry system, and those Claims listed in **Schedule "B"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the "Permitted Encumbrances", as such term is defined in the Sale Agreement); and
 - (c) 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.
5. 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 Registrar or Registrars under the *Land Title Act* (B.C.), the British Columbia Ministry of Natural Gas Development, Upstream Development Division, Tenure and Geoscience Branch, the British Columbia Ministry of Agriculture and Lands, FrontCounterBC, the British Columbia Oil and Gas Commission, and all other government ministries and authorities in British Columbia

exercising jurisdiction with respect to the Oil and Gas Assets (as defined in the Sale Agreement) are hereby authorized, requested and directed to (in each case, as applicable):

- (i) enter the Purchaser as the owner and/or lessee and/or licensee of the Oil and Gas Assets (as defined in the Sale Agreement) (including the Crown mineral leases listed in **Schedule "B"** hereto);
 - (ii) delete and expunge from the existing title documents respecting the Oil and Gas Assets (as defined in the Sale Agreement) all Encumbrances (including the Claims listed in **Schedule "C"** hereto); and
 - (iii) register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Oil and Gas Assets (as defined in the Sale Agreement) to the Purchaser, which title shall be subject only to the Permitted Encumbrances; and
6. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Monitor) 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 the Debtor.
8. Under no circumstances shall the Purchaser be deemed a successor of or to the Debtor for any Claims of any kind or nature whatsoever against or in the Debtor or the Purchased Assets. Following the Closing, no person with a Claim shall interfere with the Purchaser's title to or use and enjoyment of the Purchased Assets based on or related to such Claim or any actions that the Debtor have taken or may take.

9. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from, pursuing, asserting or claiming any and all estate, right, title, interest, royalty, rental and equity of redemption, or Claim in respect of or to the Purchased Assets and, to the extent that any such persons or entities remain in possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser.
10. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit absolutely without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
11. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Debtor.
12. The Monitor shall file with the Court a copy of the Monitor's Certificate, concurrent with the delivery thereof to the Purchaser.
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 the Debtor and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the Debtor;

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 the Debtor and shall not be void or voidable by creditors of the Debtor, 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 the Debtor, 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 the Debtor 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 the Debtor and the Monitor and their agents in carrying out the terms of this Order.

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

Clerk's Stamp

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**

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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 April ___, 2016, the Court approved the Asset Purchase Agreement made as of March 21, 2016 (the "**Sale Agreement**") between the Debtor and 1069130 B.C. Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Oil and Gas 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 Oil and Gas Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor 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 the Debtor has received the Purchase Price for the Oil and Gas Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor 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"

"Crown Mineral Leases"

BC CR LEASES

NO.	LEASE NO.
1	60730
2	60731
3	62405
4	62406
5	62432
6	63311
7	63312
8	63409
9	63410
10	63482
11	64519
12	64534
13	64535
14	64542
15	64543
16	64714
17	64715
18	64716
19	64717
20	64723
21	64729
22	64730

SCHEDULE "C"

"Claims"

1. *Personal Property Security Act (BC)*

Base Registration Number:	330750G
Registration Date:	September 1, 2011
Expiry Date:	September 1, 2021
Debtor(s):	Quicksilver Resources Canada Inc.
Secured Party / Parties:	JPMorgan Chase Bank, N.A. Toronto Branch

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)

SCHEDULE "B"

PROPOSED DISCOVERY LNG APPROVAL AND VESTING ORDER

CLERK'S STAMP

COURT FILE NUMBER 1601-03113

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS **IN THE MATTER OF THE COMPANIES'
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DOCUMENT **ORDER (Approval and Vesting)**

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Client File No.: 39944.88

DATE ON WHICH ORDER WAS PRONOUNCED: April 22, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice C.M. Jones

UPON the application of Quicksilver Resources Canada Inc., 0942065 B.C. Ltd. and 0942069 B.C. Ltd. (the "**Applicants**") for an Order approving the sale transaction (the "**Transaction**") contemplated in the Asset Purchase Agreement between 0942065 B.C. Ltd. (as Seller) and 0942069 B.C. Ltd. (as Nominee) (collectively, the "**Debtor**") and 1069130 B.C. Ltd. (the "**Purchaser**") made as of March 22, 2016 (the "**Sale Agreement**") and attached as Exhibit

"2" to the Second Affidavit of Adam Dunayer dated April 12, 2016 (the "**Second Dunayer Affidavit**"), filed, and vesting in 1069130 B.C. Ltd. or its permitted assignees and nominees (each the "**Purchaser**") the Debtor's right, title and interest in and to the Acquired Assets (as defined in the Sale Agreement and hereinafter the "**Purchased Assets**");

AND UPON HAVING READ the Second Dunayer Affidavit and the Third Report of FTI Consulting Canada Inc., the Court-appointed Monitor of the Applicants (the "**Monitor**"), filed; and the Confidential Supplement thereto, and the Affidavit of Service of •;

AND UPON HEARING the submissions of counsel for the Applicants, the Monitor, the Purchaser and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

Unless otherwise indicated herein, terms with initial capitals have meanings set out in the Sale Agreement.

SERVICE

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.

APPROVAL OF TRANSACTION

2. The Sale Agreement is hereby approved in its entirety and is declared to be commercially reasonable and in the best interests of the Debtor and its stakeholders. The Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized, ratified, confirmed and approved, with such minor amendments as the Debtor and the Purchaser agree are necessary. The Debtor is hereby authorized and directed to complete the Transaction, subject to the terms of the Sale Agreement, to perform their obligations under the Sale Agreement and any ancillary documents related thereto, and 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 the Debtor's right, title and interest in and to the Purchased Assets shall vest absolutely, exclusively, entirely and forever in the Purchaser, free and clear of and from any and all rights, claims, titles, interests, prior claims, security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, hypothecations, mortgages, trusts or deemed or constructive trusts (whether contractual, statutory, or otherwise), liens, executions, judgments, writs of seizure and sale, options, adverse claims, priorities, levies, charges, taxes 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) those charges, security interests and claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia), and those other Claims listed in **Schedule "B"** hereto (all of which are collectively referred to as the "**Encumbrances**"), which shall not include the Permitted Encumbrances, as defined in the Sale Agreement and listed in Schedule "F" of the Sale Agreement (the "**Permitted Encumbrances**"); and
 - (c) 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. 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.

5. The Purchaser shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.
6. Under no circumstances shall the Purchaser be deemed a successor of or to the Debtor for any Claims of any kind or nature whatsoever against or in the Debtor or the Purchased Assets. Following the Closing, no person with a Claim shall interfere with the Purchaser's title to or use and enjoyment of the Purchased Assets based on or related to such Claim or any actions that the Debtors have taken or may take.
7. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from, pursuing, asserting or claiming any and all estate, right, title, interest, royalty, rental and equity of redemption or Claim in respect of or to the Purchased Assets and, to the extent that any such persons or entities remains in possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments, or other indicia of title representing or evidencing any right, title, estate or interest in and to the Purchased Assets they shall forthwith deliver possession thereof to the Purchaser.
8. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit absolutely without any interference of or by the Debtors, or any person claiming by or through or against the Applicants.
9. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Applicants, other than the Nominee.
10. The Monitor shall file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof to the Purchaser.
11. 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 the Applicants or either of them and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Applicants or either of them;

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 the Applicants and shall not be void or voidable by creditors of the Applicants, 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.

12. The Applicants, the Purchaser, 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.
13. 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 the Applicants, 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 the Applicants 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 the Applicants and the Monitor and their agents in carrying out the terms of this Order.

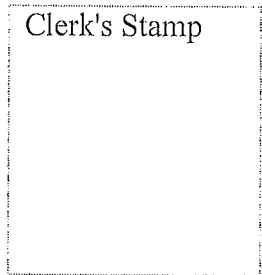
J.C.Q.B.A

SCHEDULE "A"
FORM OF MONITOR'S CERTIFICATE

COURT FILE NUMBER 1601-03113

COURT COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY



APPLICANTS **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 0942065 B.C. Ltd. and 0942069 B.C. Ltd.

- B. Pursuant to an Order of the Court dated April ____, 2016, the Court approved the Asset Purchase and Agreement made as of March 22, 2016 (the "**Sale Agreement**") between 0942065 B.C. Ltd. (as Seller) and 0942069 B.C. Ltd. (as Nominee) (collectively, the "**Debtor**") and 1069130 B.C. Ltd. (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 any conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor 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 has paid and the Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. Any conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser;
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 (British Columbia)*

Base Registration Number:	973496G
Registration Date:	September 27, 2012
Expiry Date:	September 27, 2022
Debtor(s):	0942065 B.C. Ltd.
Secured Party / Parties:	JPMorgan Chase Bank, N.A. Toronto

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)

SCHEDULE "C"

SEALING ORDER

CLERK'S STAMP

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

SEALING ORDER

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
Telephone No.: 403-298-4485
Fax No.: 403-265-7219
Client File No.: 39944.88

DATE ON WHICH ORDER WAS PRONOUNCED: April 22, 2016

LOCATION OF HEARING OR TRIAL: Calgary Courts Centre

NAME OF JUDGE WHO MADE THIS ORDER: Mr. Justice C.M. Jones

UPON THE APPLICATION of Quicksilver Resources Canada Inc., 0942065 B.C. Ltd. and 0942069 B.C. Ltd. (the "**Applicants**"); AND UPON reading the Application of the Applicants filed April 12, 2016, the Affidavit No. 2 of Adam Dunayer sworn April 12, 2016, the Third Report of FTI Consulting Canada Inc. (the "**Monitor**" and the "**Report**") and the

Confidential Supplement thereto (the "**Confidential Supplement**"); AND UPON hearing the submissions of counsel for Quicksilver, the Monitor, and any other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.
2. The Confidential Supplement to the Report shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the *Alberta Rules of Court*.
3. The Clerk of this Honourable Court shall file the Confidential Supplement in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY QUICKSILVER RESOURCES CANADA INC. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY JUSTICE _____ ON APRIL ___, 2016.

4. The Applicants shall serve by courier, fax transmission, email transmission or ordinary post, a copy of this Order on all parties present at this Application and such service shall be deemed good and sufficient for all purposes.

J.C.Q.B.A. or Clerk of the Court

SCHEDULE "D"

DISTRIBUTION ORDER

CLERK'S STAMP

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 (Distribution of Sale Proceeds)**

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

DATE ON WHICH ORDER WAS PRONOUNCED: April 22, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice C.M. Jones

UPON THE APPLICATION by Quicksilver Resources Canada Inc. ("**Quicksilver Canada**"), 0942065 B.C. Ltd. ("**LNG Co**") and 0942069 B.C. Ltd. ("**LNG SubCo**") (collectively, the "**Applicants**") for an Order approving the distribution to JPMorgan Chase Bank N.A., Toronto Branch, as Administrative Agent (the "**Agent**") of the net sale proceeds of (1) the sale transaction contemplated by the Horn River APA (as defined in and attached as Exhibit "1" to Second Affidavit of Adam Dunayer sworn April 12, 2016 (the "**Second Dunayer**

Affidavit")); and (2) the sale transaction contemplated by the Discovery LNG APA (as defined in and attached as Exhibit "2 to the Second Dunayer Affidavit) (collectively the **"Transactions"**);

AND UPON HAVING READ the Affidavit of J. David Rushford sworn on March 8, 2016 (the **"Rushford Affidavit No. 1"**), the Second Dunayer Affidavit, the Second Report and the Third Report of FTI Consulting Canada Inc., the Court-appointed Monitor of the Applicant (the **"Monitor"**), filed and the Confidential Supplements thereto, and the Affidavit of Service of [•]; **AND UPON HEARING** the submissions of counsel for the Applicants, the Monitor, the Agent 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 Applicants are hereby authorized and directed to pay the net proceeds received from the Transactions to the Agent (as defined in the Rushford Affidavit No. 1) to be applied to reduce the amount outstanding under the Credit Facility (as defined in the Rushford Affidavit No. 1).
3. The Applicants, 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.
4. 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 the Applicants, 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 the Applicants 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 the Applicants and the Monitor and their agents in carrying out the terms of this Order.

J.C.Q.B.A