

## Corporate Finance & Restructuring

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### **INFORMATION CIRCULAR**

## **NOTICE OF MEETING AND PLAN OF ARRANGEMENT AND COMPROMISE UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA) OF QUICKSILVER RESOURCES CANADA INC., 0942065 B.C. LTD. AND 0942069 B.C. LTD. (COLLECTIVELY "QRCI" OR THE "APPLICANTS")**

**11/18/2016**

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### **INTRODUCTION**

On March 8, 2016 the Applicants sought and obtained protection under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to an order (the "**Initial Order**") granted by this Honourable Court ("**Court**"). FTI Consulting Canada Inc. was appointed as the monitor ("**Monitor**") in the CCAA proceedings. Throughout the CCAA proceedings the Applicants sought offers to purchase their oil and gas assets and ultimately obtained Court approval for various sales which resulted in the monetization of all of the Applicant's oil and gas assets. The proceeds from the sale of the Applicants assets were first used to repay the senior secured bank lender in full. After repayment of the secured debt it was determined that the Applicants would have proceeds remaining for distribution to its unsecured creditors. Accordingly, on May 26, 2016, the Applicants obtained Court approval to commence a claims process ("**Claims Process**") to determine the quantum of claims. The Claims Process is complete and the number and amount of each creditor's claim has been determined. The unsecured claims accepted in the Claims Process shall collectively be referred to as the claims pool ("**Claims Pool**"). The Applicants have drafted and obtained Court approval to present a plan of compromise and arrangement ("**Plan**") to its creditors and to hold a meeting of creditors to consider and vote on the Plan.

The purpose of this memorandum (the “**Plan Circular**”) is to assist readers in understanding the Plan and provide other information relevant to the Plan and the Applicants CCAA proceedings.

Any descriptions of the Plan, or other documents herein, are in summary form only and readers are encouraged to read the Plan and other such documents in their entirety. In the event of any inconsistencies between the descriptions set out in this Plan Circular and the terms of the Plan, the terms of the Plan or other such documents shall govern. Capitalized terms not defined in this Plan Circular are as defined in the Plan or Meeting Order.

## **BACKGROUND INFORMATION**

Background to the Applicants’ operations, financial information and the CCAA proceedings can be found on the Monitor’s website at: <http://cfcanada.fticonsulting.com/QRCI/>

The following information is attached to this Plan Circular pursuant to an Order of the Court dated November 17, 2018. (“**Meeting Order**”):

- A. The Notice of a meeting of the Affected Creditors (as defined in the Plan) (the “**Notice to Affected Creditors**”) to be held at the offices of Bennett Jones LLP, 4500 Bankers Hall East, 855 - 2<sup>nd</sup> Street S.W., Calgary, Alberta, on December 13, 2016 at 10:00am (Calgary time) to consider and vote on the Plan (the “**Creditors Meeting**”). A copy of the Notice to Affected Creditors is attached as Appendix A to this Plan Circular;
- B. A copy of the Plan is attached as Appendix B;
- C. A copy of the Meeting Order is attached as Appendix C;
- D. A proxy and instructions on how to fill out the proxy (“**Affected Creditors’ Proxy**”) is attached as Appendix D to this Plan Circular. Affected Creditors are required to date and sign and return the Affected Creditors’ Proxy to the Monitor on or **before 3:00 pm (Calgary time) December 12, 2016 (the last business day date the date of the Creditors Meeting)**;
- E. A copy of the Monitor’s eighth report dated November 9, 2016 (“**Monitor’s 8<sup>th</sup> Report**”) is attached as Appendix E, which provides an overview of the Plan, the Monitor’s analysis comparing the Plan to a liquidation and its recommendations with respect to the Plan and the CCAA proceedings.

The Monitor recommends that Affected Creditors read the attached information and other related documents found at the Monitor’s website noted above. Creditors with any questions regarding the Plan Circular, the attached information or other matters relating to these CCAA proceedings of the Plan should contact a representative of the Monitor noted below.

## **SUMMARY OF THE PLAN PROPOSED BY THE APPLICANTS**

As described in prior Monitor’s reports, the Applicants have effectively liquidated all of their oil and gas assets through the CCAA proceedings. The Applicants used the proceeds from the sale of their assets to repay their secured bank facility. There were proceeds remaining (“**Remaining Proceeds**”) after repayment of the secured bank facility. The Plan contemplates the pro-rata distribution of the Remaining Proceeds (less certain hold backs for administrative costs and disputed claims, if any) to the Affected Creditors.

As described in the Monitor’s 8<sup>th</sup> Report the Applicants anticipate having approximately \$18.1 million for the initial distribution and may be able to recover additional amounts through tax recoveries, purchase price statement of adjustments related to the prior sale of the Applicants assets, and potential recoveries through the Applicants indirect interest in the Fortune Creek Gathering & Processing Partnership. The initial distribution is expected to be approximately 2.2% of Affected Creditors total claims.

### **Distributions under the Plan**

A summary of distributions to Affected Creditors pursuant to the Plan is set out below:

- A. Initial Distribution – is expected to be approximately \$18.1 million in total which will be distributed to the Affected Creditors. Each Affected Creditor will receive their pro-rata share of the Initial Distribution; the Initial Distribution results in approximately a 2.2% recover to the Affected Creditors. The Initial Distribution date is defined as no more

than 5 business days after the Plan Implementation Date, which is currently expected to be prior to December 31, 2016 (assuming the Plan is approved by the Affected Creditors and sanctioned by the Court). The total current Affected Claims Pool represents 96 Affected Creditors and is \$820,904,793.

- B. Additional Distributions – if additional proceeds become available for distribution to the Affected Creditors the Applicants may, as frequently as the Monitor may direct, make additional pro-rata distributions to the Affected Creditors.
- C. Final Distributions – final distribution will be made once the Applicants and the Monitor have determined that all disputed claims (if any) have been resolved and there are no further recoveries to be collected by the Applicants for distribution to the Affected Creditors.

### **CREDITORS MEETING**

As noted above, there will be one class of unsecured creditors voting on the Plan (i.e. Affected Creditors). Pursuant to the Meeting Order, the Creditors' Meeting will take place at the offices of Bennett Jones LLP, 4500 Bankers Hall East, 855 - 2nd Street S.W., Calgary, Alberta, on December 13, 2016 at 10:00am (Calgary time) to consider and vote on the Plan.

### **SANCTION HEARING AND PLAN IMPLEMENTATION**

If the Plan is approved by the required majority of Affected Creditors at the Creditors' Meeting, the Applicants shall bring a motion before the Court for a sanction order ("**Sanction Order**"). The Applicants intend to seek a Sanction Order immediately following the Creditors' Meetings on December 15, 2016, assuming the Plan is approved by the required majority of Affected Creditors.

The Plan shall be considered implemented upon the completion of the following:

- A. the Meeting Order shall have been granted by the Court on or before November 18, 2016, or such later date as shall be acceptable to Quicksilver Canada in consultation with the Monitor, and shall be a Final Order;
- B. the Creditors' Meeting to consider and vote on the Plan shall have been convened by the date set by the Meeting Order or such later date and shall be acceptable to Quicksilver Canada in consultation with the Monitor;
- C. the Quicksilver Canada Entities shall have satisfied their respective Post-Filing Trade Payables in the ordinary course or provision shall have been made in respect thereof in the Administrative Reserve to the satisfaction of the Monitor;
- D. all material consents, declarations, rulings, certificates or approvals of or by any Governmental Authority as may be considered necessary by the Quicksilver Canada Entities and the Monitor in respect of the Plan Transaction Steps shall have been obtained;
- E. the Plan shall have been approved by the Required Majority of the Affected Creditors forming the Unsecured Creditors' Class at the Creditors' Meeting;
- F. the Sanction Order shall have been granted by the Court by December 16, 2016, or such later date as shall be acceptable to Quicksilver Canada, in consultation with the Monitor, in form and substance satisfactory to the Quicksilver Canada Entities and the Monitor, and shall be a Final Order; and
- G. the Plan Implementation Date shall have occurred by December 31, 2016, or such other date as the Quicksilver Canada Entities and the Monitor may have agreed.

The Monitor shall issue a Plan Certificate upon the completion of the above.

### **BENEFITS OF THE PLAN AND MONITOR'S RECCOMENDATIONS**

The Monitor's 8<sup>th</sup> Report outlines the Monitor's view on the benefits of the Plan as compared to a liquidation scenario. Given the fact that the Plan is a pro-rata distribution of available proceeds to Affected Creditors, the Monitor determined there is a benefit to Affected Creditors under the Plan relative to a liquidation. As the Plan provides for a timely efficient distribution of these funds and accordingly the Monitor recommends that the Affected Creditors vote in favour of the Applicants Plan.

Affected Creditors who require additional information should contact:

**Dustin Olver**

Managing Director

Suite 720, 440-2<sup>nd</sup> Ave S.W.

Calgary, AB

T2H0V6

Phone: 403-454-6032

E-mail: [Dustin.olver@fticonsulting.com](mailto:Dustin.olver@fticonsulting.com)

**FTI Consulting Canada Inc.**

**In its capacity as Court appointed Monitor**

**Of the Applicants**



Deryck Helkaa  
Senior Managing Director

## Appendix A

### Notice to Affected Creditors

## NOTICE TO AFFECTED CREDITORS

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

**IN THE MATTER OF THE BUSINESS CORPORATIONS ACT,  
R.S.A. 2000, c. B-9, AS AMENDED**

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

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**NOTICE IS HEREBY GIVEN** that meeting (the "**Meeting**") of creditors of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**") and 0942065 B.C. Ltd. (collectively, the "**Quicksilver Canada Entities**"), entitled to vote on a Plan of Compromise and Arrangement (the "**Plan**") proposed by the Applicants under the *Companies Creditors' Arrangement Act* (the "**CCAA**") will be held for the following purposes:

- (1) to consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and
- (2) to transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meeting is being held pursuant to an order of the Court of Queen's Bench of Alberta (the "**Court**") dated November 17, 2016 (the "**Meeting Order**"). All capitalized terms used but not defined herein shall bear their meanings as set out in the Meeting Order or the Plan.

**NOTICE IS ALSO HEREBY GIVEN** that the Meeting Order established the procedures for the Quicksilver Canada Entities to call, hold and conduct the Meeting to consider and pass resolutions, if thought advisable, approving the Plan and to transact such other business as may be properly brought before the Meeting. For the purposes of considering and voting on the Plan, there will be one (1) meeting as follows:

- (1) a meeting of all of the Affected Creditors of the Quicksilver Canada Entities, where all such Affected Creditors shall constitute a single class ("**Meeting**").

**NOTICE IS ALSO HEREBY GIVEN** that the Meetings will be held at the following dates, times and location:

Date: December 13, 2016

Time: 10:00 a.m. (Calgary time)

Location: Bennett Jones LLP, 4500 Bankers Hall East, 855 - 2<sup>nd</sup> Street S.W., Calgary, Alberta

Subject to paragraph 24 of the Meeting Order, only Affected Creditors with Voting Claims as at the Voting Record Date will be eligible to attend the Meeting and vote on a resolution to approve

the Plan. The votes of Affected Creditors holding Disputed Claims will be separately tabulated and Disputed Claims will not be counted unless, until and only to the extent that such Disputed Claim is finally determined to be a Voting Claim. A holder of an Unaffected Claim shall not be entitled to attend or vote at the Meeting in respect of such Unaffected Claim.

Any Affected Creditor may vote by proxy, subject to the terms of the Meeting Order. Further, any Affected Creditor who is not an individual may only attend and vote at the Meeting if a proxy holder has been appointed to act on its behalf at such Meeting.

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved at the Meeting in accordance with the Meeting Order and the Plan and all other necessary conditions are met, the Quicksilver Canada Entities intend to make an application to the Court at 11:00 a.m. Calgary time on December 15, 2016, seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for the Quicksilver Canada Entities, the Monitor as well as those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 4:00 p.m. (Calgary time) on December 14, 2016.

**NOTICE IS ALSO HEREBY GIVEN** that in order for the Plan to become effective:

- i. the Plan must be approved by the required majority of Affected Creditors entitled to vote and voting on the Plan as required under the CCAA and in accordance with the terms of the Meeting Order and the Plan;
- ii. the Plan must be sanctioned by the Court; and
- iii. the conditions to implementation and effectiveness of the Plan as set out in the Plan must be satisfied or waived.

Additional copies of the Affected Creditor Meeting Materials may be obtained from the Monitor's Website at <http://cfcanada.fticonsulting.com/qrci/>, or by contacting the Monitor by telephone at 403-454-6036 or by email at [lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com).

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meeting Order.

**DATED** at Calgary, Alberta, this 17<sup>th</sup> day of November, 2016.

## Appendix B

### Plan



CLERK'S STAMP

COURT FILE NUMBER

1601 – 13113

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 BC. LTD.**

DOCUMENT

**PLAN OF COMPROMISE AND ARRANGEMENT**

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  
Telephone No.: 403-298-4485 / 416-777-5738  
Fax No.: 403-265-7219 / 416-863-1716

## TABLE OF CONTENTS

	Page
<b>ARTICLE 1 INTERPRETATION.....</b>	<b>1</b>
1.1    Definitions.....	1
1.2    Certain Rules of Interpretation.....	9
1.3    Time .....	10
1.4    Date and Time for any Action .....	10
1.5    Successors and Assigns.....	10
1.6    Governing Law .....	10
1.7    Currency.....	11
1.8    Schedules .....	11
<b>ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN .....</b>	<b>11</b>
2.1    Purpose of Plan .....	11
2.2    Persons Affected .....	11
2.3    Persons Not Affected .....	11
2.4    Equity Claims.....	12
<b>ARTICLE 3 CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS.....</b>	<b>12</b>
3.1    Classification of Creditors .....	12
3.2    Claims of Affected Creditors .....	12
3.3    Unaffected Claims .....	12
3.4    Priority Claims .....	12
3.5    Creditors' Meeting.....	12
3.6    Voting .....	13
3.7    Procedure for Valuing Voting Claims .....	13
3.8    Approval by Creditors.....	13
3.9    Guarantees and Similar Covenants .....	13
<b>ARTICLE 4 QUICKSILVER CANADA CASH POOL AND CASH RESERVES .....</b>	<b>13</b>
4.1    Creation of the Quicksilver Canada Cash Pool.....	13
4.2    The Administrative Reserve .....	14
4.3    The Quicksilver Canada Entities Disputed Claims Reserve.....	14
<b>ARTICLE 5 PROVISIONS REGARDING DISTRIBUTIONS AND DISBURSEMENTS</b>	<b>14</b>
5.1    Initial Distributions from Quicksilver Canada Cash Pool Account to Affected Creditors with Proven Claims.....	15
5.2    Resolution of Disputed Quicksilver Canada Entities Claims and Subsequent Distributions.....	15
5.3    Final Distribution .....	15
5.4    Treatment of Undeliverable Distributions .....	16
5.5    Assignment of Claims for Voting and Distribution Purposes Prior to the Creditors' Meeting .....	16
5.6    Assignment of Claims for Distribution Purposes After the Creditors' Meeting ...	17

5.7	Tax Matters .....	17
<b>ARTICLE 6 PLAN IMPLEMENTATION .....</b>		<b>18</b>
6.1	Corporate Authorizations.....	18
6.2	Plan Implementation Date Transactions .....	18
<b>ARTICLE 7 RELEASES .....</b>		<b>19</b>
7.1	Plan Releases .....	19
<b>ARTICLE 8 COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION .....</b>		<b>21</b>
8.1	Application for Sanction Order.....	21
8.2	Sanction Order .....	21
8.3	Conditions Precedent to Implementation of the Plan .....	23
8.4	Monitor's Certificate .....	24
<b>ARTICLE 9 GENERAL .....</b>		<b>24</b>
9.1	Binding Effect.....	24
9.2	Claims Bar Date.....	25
9.3	Deeming Provisions .....	25
9.4	Interest and Fees .....	25
9.5	Non-Consummation.....	25
9.6	Modification of the Plan .....	25
9.7	Paramountcy .....	26
9.8	Severability of Plan Provisions.....	26
9.9	Responsibilities of the Monitor.....	27
9.10	Different Capacities .....	27
9.11	Notices .....	27
9.12	Further Assurances.....	28

# JOINT PLAN OF COMPROMISE AND ARRANGEMENT

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In the Plan, unless otherwise stated or unless the subject matter or context otherwise requires:

"**Administration Charge**" means the charge over the Property created by paragraph 33 of the Initial Order;

"**Administrative Reserve**" means a Cash reserve from the Quicksilver Canada Cash Pool approved by the Court pursuant to the Sanction Order, in an amount to be agreed by the Quicksilver Canada Entities and the Monitor three (3) Business Days prior to the Plan Implementation Date, to be deposited by Quicksilver Canada into the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs, which Administrative Reserve shall be subject to the Administrative Reserve Adjustment;

"**Administrative Reserve Account**" means a segregated interest-bearing trust account to be established by Quicksilver Canada to hold the Administrative Reserve;

"**Administrative Reserve Adjustment**" means, on or after the Plan Implementation Date, an increase in the Administrative Reserve in such amount as the Monitor may determine to be necessary or desirable, in consultation with the Quicksilver Canada Entities, which increase shall be funded from the Quicksilver Canada Cash Pool Account;

"**Administrative Reserve Costs**" means costs incurred and payments to be made on or after the Plan Implementation Date (including costs incurred prior to the Plan Implementation Date which remain outstanding as of the Plan Implementation Date) in respect of (a) the Monitor's fees and disbursements (including fees and disbursements of its legal counsel and other consultants and advisors) in connection with the performance of its duties under the Plan and in the CCAA Proceedings, including without limitation all fees and disbursements associated with resolving Disputed Claims; (b) any third-party fees, if any, incurred in connection with the administration of distributions, disbursements and payments under the Plan; (c) Post-Filing Trade Payables; (d) the lawyer, consultant and advisor fees and disbursements of the Quicksilver Canada Entities; (e) Excluded Claims, Government Priority Claims, Employee Priority Claims; (f) the unpaid fees and disbursements of Representative Counsel, to the amount approved in the Representation Order, as amended; (g) any amount required to be paid pursuant to the Settlement Agreement, to ensure that the aggregate consideration received by the Represented Group thereunder, and under this Plan, totals \$450,000; and (h) any other reasonable amounts in respect of any other determinable contingency as the Monitor may determine in its sole discretion;

"**Affected Claim**" means all Claims other than Unaffected Claims;

"**Affected Creditor**" means a Creditor who has an Affected Claim;

"**Applicable Law**" means any law (including any principle of civil law, common law or equity), statute, Order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;

"**Applicants**" means Quicksilver Canada, 0942065 B.C. Ltd., and 0942069 B.C. Ltd.;

"**Assessments**" means Claims of Her Majesty the Queen in Right of Canada or of Her Majesty the Queen in Right of any province or territory or of any municipality or of any other Taxing Authority in any Canadian or other jurisdictions, including without limitation amounts which may arise or have arisen under any notice of assessment, notice of objection, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any Taxing Authority;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"**Business**" means the direct and indirect operations and activities formerly carried on by the Quicksilver Canada Entities;

"**Business Day**" means a day on which banks are open for business in the City of Calgary, Alberta, Canada, but does not include a Saturday, Sunday or a statutory holiday in the Province of Alberta;

"**Cash**" means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents;

"**Cash Reserves**" means the Administrative Reserve and the Quicksilver Canada Entities Disputed Claims Reserve;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Charges**" means the Administration Charge, the KERP Charge, the Directors' Charge, and the LNG Co Interim Lender's Charge;

"**CCAA Proceedings**" means the CCAA proceedings in respect of the Applicants commenced pursuant to the Initial Order;

"**Claim**" has the meaning given to such term in the Claims Procedure Order;

"**Claims Bar Date**" means: (a) in respect of a Restructuring Period Claim (as defined in the Claims Procedure Order), 15 calendar days after termination, repudiation or resiliation of the applicable agreement or other event giving rise to the applicable Restructuring Period Claim (as defined in the Claims Procedure Order), (b) in respect of claims of the Represented Group, the Represented Group Individuals (in each case as defined in the Representation Order) and Fortune Creek Gathering and Processing Partnership, August 5, 2016, and (c) in respect of any other Claim, 5:00 p.m. on July 5, 2016;

"**Claims Procedure Order**" means the Order of the Court pronounced on May 26, 2016, approving and implementing the claims procedure in respect of the Applicants and the Directors and Officers, as may be amended, restated or varied from time to time;

"**Conditions Precedent**" means the conditions precedent to Plan implementation set out in Section 8.3;

"**Court**" means the Court of Queen's Bench of Alberta or any appellate court seized with jurisdiction in the CCAA Proceedings, as the case may be;

"**Creditor**" means any Person asserting an Affected Claim or an Unaffected Claim and may, where the context requires, include the assignee of such Claim or a personal representative, agent, litigation guardian, mandatary, trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

"**Creditors' Meeting**" means the meeting of Affected Creditors to be called and held pursuant to the Meeting Order for the purpose of considering and voting upon the Plan, and includes any adjournment, postponement or rescheduling of such meeting;

"**Director**" has the meaning given to such term in the Claims Procedure Order;

"**Directors' Charge**" means the charge over the Property created by paragraph 24 of the Initial Order;

"**Disputed Claim**" means that portion of an Affected Claim in respect of which a Proof of Claim has been filed in accordance with the Claims Procedure Order that has not been finally determined to be a Proven Claim in whole or in part in accordance with the Claims Procedure Order, the Meeting Order, or any other Order made in the CCAA Proceedings;

"**Distribution Date**" means the day on which a distribution to Creditors of the Quicksilver Canada Entities is made, other than the Initial Distribution Date or the Final Distribution Date;

"**Effective Time**" means 12:01 a.m. on the Plan Implementation Date or such other time on such date as the Quicksilver Canada Entities and the Monitor shall determine or as otherwise ordered by the Court;

"**Employee Priority Claims**" means the following claims of Employees:

- (a) claims equal to the amounts that such Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Quicksilver Canada Entities had become bankrupt on the Filing Date, if any; and
- (b) claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period, if any;

**"Employees"** means all current and former employees of the Quicksilver Canada Entities other than Directors and Officers, in such capacities;

**"Encumbrance"** means any charge, mortgage, lien, pledge, claim, restriction, security interest, security agreement, hypothecation, assignment, deposit arrangement, hypothec, lease, rights of others including without limitation Transfer Restrictions, deed of trust, trust or deemed trust, lien, financing statement, preferential arrangement of any kind or nature whatsoever, including any title retention agreement, or any other arrangement or condition which in substance secures payment or performance of any obligations, action, claim, demand or equity of any nature whatsoever, execution, levy, charge or other financial or monetary claim, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, or other encumbrance, whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under Applicable Law, including without limiting the generality of the foregoing, the CCAA Charges;

**"Equity Claim"** has the meaning ascribed thereto in section 2 of the CCAA;

**"Excluded Claim"** means any:

- (a) Claim secured by any of the CCAA Charges; and
- (b) Claim enumerated in sections 5.1(2) and 19(2) of the CCAA;

**"Filing Date"** means March 8, 2016;

**"Final Distribution Date"** means such date, after all of the Disputed Claims have been finally resolved, that the Monitor, in consultation with Quicksilver Canada, shall determine or the Court shall otherwise order;

**"Final Order"** means a final Order of the Court, the implementation, operation or effect of which shall not have been stayed, varied, vacated or subject to pending appeal and as to which Order any appeal periods relating thereto shall have expired;

**"Government Priority Claims"** means all Claims of Governmental Authorities that are enumerated in section 38(3) of the CCAA in respect of amounts that are outstanding and that are of a kind that could be subject to a demand on or before the Final Distribution Date;

**"Governmental Authority"** means any government, including any federal, provincial, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government including without limitation any Taxing Authority;

**"Guarantee"** means any guarantee, indemnity, surety or similar agreement by a Person to guarantee, indemnify or otherwise hold harmless any Person from or against any Indebtedness, losses, Liabilities or damages of that Person;

**"Indebtedness"** means, without duplication:

- (a) all debts and liabilities of a Person for borrowed money;
- (b) all debts and liabilities of a Person representing the deferred acquisition cost of property and services; and
- (c) all Guarantees given by a Person;

**"Initial Distribution Date"** means a date no more than five (5) Business Days after the Plan Implementation Date or such other date as the Quicksilver Canada Entities and the Monitor may agree;

**"Initial Order"** means the Order of the Court pronounced on March 8, 2016, as may be amended, restated or varied from time to time;

**"ITA"** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), as amended, and any regulations thereunder;

**"KERP"** has the meaning given to such term in the Initial Order;

**"KERP Charge"** means the charge over the Property created by paragraph 41 of the Initial Order;

**"KERP Claim"** means a claim of any Person under the KERP;

**"Liabilities"** means all Indebtedness, obligations and other liabilities of a Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due;

**"LNG Co Interim Lender's Charge"** means the charge over the Property created by paragraph 37 of the Initial Order;

**"Meeting Order"** means the Order, substantially in the form set out in Schedule "A", to be made by the Court under the CCAA that, among other things, sets the date for the Creditors' Meeting;

**"Monitor"** means FTI, in its capacity as Court-appointed monitor of the Applicants and not in its personal capacity;

**"Monitor Released Party"** has the meaning ascribed thereto in Section 7.1(b);

**"Monitor's Plan Completion Certificate"** means the certificate substantially in the form to be attached to the Sanction Order to be filed by the Monitor with the Court upon completion of its duties under the Plan;

**"Notice of Final Distribution"** means a notice to Affected Creditors to be published by the Monitor at least 30 days in advance of the Final Distribution Date in *The Globe and Mail* (National Edition) and the *Calgary Herald* notifying Affected Creditors of the Final Distribution Date, substantially in the form to be attached to the Sanction Order;



"**Officer**" has the meaning given to such term in the Claims Procedure Order;

"**Order**" means any order of the Court, or any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;

"**Person**" means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity;

"**Plan**" means this Plan of Compromise and Arrangement under the CCAA, including the Schedules hereto, as amended, supplemented or replaced from time to time;

"**Plan Implementation Date**" means the Business Day on which all of the Conditions Precedent to the implementation of the Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived;

"**Plan Sanction Date**" means the date that the Sanction Order issued by the Court becomes a Final Order;

"**Plan Transaction Steps**" means the steps or transactions considered necessary or desirable to give effect to the transactions contemplated in the Plan, including those set out in Section 6.2;

"**Plan Transactions**" has the meaning ascribed thereto in Section 6.2;

"**Post-Filing Trade Payables**" means post-Filing Date trade payables (excluding for greater certainty any Tax Claims) that were incurred by the Quicksilver Canada Entities (a) after the Filing Date and before the Plan Implementation Date; (b) in the ordinary course of business; and (c) in compliance with the Initial Order and other Orders issued in connection with the CCAA Proceedings;

"**Principal Claim**" has the meaning ascribed thereto in Section 3.9;

"**Pro Rata Share**" means the fraction that is equal to (a) the amount of the Proven Claim of an Affected Creditor, divided by (b) the aggregate amount of all Proven Claims held by Affected Creditors;

"**Proof of Claim**" has the meaning given to such term in the Claims Procedure Order;

"**Property**" means all current and future assets, undertakings and properties of the Quicksilver Canada Entities, of every nature and kind whatsoever, and wherever situate;

"**Proven Claim**" means a Claim of an Affected Creditor finally determined for distribution purposes in accordance with the Claims Procedure Order and the Plan;

"**Proxy**" means the proxy form to be delivered to or otherwise made available to the Affected Creditors in accordance with the Meeting Order;

**"Proxy Deadline"** means the deadline for submitting Proxies in accordance with the Meeting Order;

**"Quicksilver Canada"** means Quicksilver Resources Canada Inc.;

**"Quicksilver Canada Cash Pool"** means the Cash pool comprised of all Cash of the Quicksilver Canada Entities;

**"Quicksilver Canada Cash Pool Account"** means a segregated interest-bearing trust account to be established by Quicksilver Canada to hold the Quicksilver Canada Cash Pool on behalf of the Quicksilver Canada Entities;

**"Quicksilver Canada Entities"** means Quicksilver Canada and 0942065 B.C. Ltd.;

**"Quicksilver Canada Entities Disputed Claims Reserve"** means the Cash Reserve to be established on the Plan Implementation Date by Quicksilver Canada from the Quicksilver Canada Cash Pool in an amount equal to the expected distributions to be made to all Creditors with Disputed Claims (based on the face value of each Disputed Claim), and as approved by the Court under the Sanction Order, which Cash Reserve shall be held by Quicksilver Canada in the Quicksilver Canada Entities Disputed Claims Reserve Account for distribution in accordance with the Plan;

**"Quicksilver Canada Entities Disputed Claims Reserve Account"** means a segregated interest-bearing trust account to be established by Quicksilver Canada to hold the Quicksilver Canada Entities Disputed Claims Reserve;

**"Quicksilver Canada Released Party"** has the meaning ascribed thereto in Section 7.1(a);

**"Released Parties"** means those Persons who are released pursuant to Section 7.1;

**"Represented Group"** means those certain terminated employees of Quicksilver Canada as defined in the Representation Order;

**"Representation Order"** means the Order of the Court pronounced on June 28, 2016, as may be amended, restated or varied from time to time;

**"Representative Counsel"** means Miles Davison LLP;

**"Required Majority"** means a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of such Affected Creditors who actually vote on the Resolution (in person or by Proxy) at the Creditors' Meeting or who were deemed to vote on the Resolution in accordance with the Plan and the Meeting Order;

**"Resolution"** means the resolution approving the Plan presented to the Affected Creditors for consideration at the Creditors' Meeting;

**"Restructuring Period Claim"** has the meaning given to such term in the Claims Procedure Order;

**"Sanction Order"** means the Order to be sought by the Quicksilver Canada Entities from the Court as contemplated under the Plan which, *inter alia*, approves and sanctions the Plan and the transactions contemplated thereunder;

**"Settlement Agreement"** means that certain Settlement and Support Agreement dated November 4, 2016, entered into between Quicksilver Canada, the Monitor and the Steering Committee on behalf of the Represented Group;

**"Settlement Payment"** means that settlement payment required to be paid to the Represented Group, as defined in the Settlement Agreement;

**"Stay of Proceedings"** means the stay of proceedings created by the Initial Order as amended and extended by further Orders of the Court from time to time;

**"Steering Committee"** means those individuals authorized in the Representation Order to act in that capacity on behalf of the Represented Group;

**"Tax"** means any and all taxes, including all income, sales, use, goods and services, harmonized sales, value added, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property, and personal property taxes and other taxes, customs, duties, fees, levies, imposts and other Assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

**"Tax Claims"** means any claims of any Taxing Authorities against the Quicksilver Canada Entities arising on or after the Plan Implementation Date;

**"Tax Obligation"** means any amount of Tax owing by a Person to a Taxing Authority;

**"Taxing Authorities"** means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any municipality of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power;

**"Transfer Restrictions"** means any and all restrictions on the transfer of shares, limited partnership or other units or interests in real property including rights of first refusal, rights of first offer, shotgun rights, purchase options, change of control consent rights, puts or forced sales provisions or similar rights of shareholders or lenders in respect of such interests;

**"Unaffected Claim"** means: (a) an Excluded Claim; and (b) a claim in respect of the Administrative Reserve Costs;

**"Unaffected Creditor"** means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

**"Unsecured Creditors' Class"** has the meaning ascribed thereto in Section 3.1;

**"Voting Claim"** means the amount of the Affected Claim of an Affected Creditor as finally determined for voting purposes in accordance with the Claims Procedure Order and the Meeting Order entitling such Affected Creditor to vote at the Creditors' Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA, and includes, for greater certainty, a Proven Claim;

**"Website"** means <http://cfcanada.fticonsulting.com/qrci/>; and

**"Withholding Obligation"** has the meaning ascribed thereto in Section 5.7(c).

## **1.2 Certain Rules of Interpretation**

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, restated or varied from time to time;
- (c) unless otherwise specified, all references to currency and to "\$" or "Cdn\$" are to Canadian dollars;
- (d) the division of the Plan into "Articles" and "Sections" and the insertion of a Table of Contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of "Articles" and "Sections" otherwise intended as complete or accurate descriptions of the content thereof;
- (e) references in the Plan to "Articles", "Sections", "Subsections" and "Schedules" are references to Articles, Sections, Subsections and Schedules of or to the Plan;
- (f) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (g) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including

but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

- (h) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (i) the terms "the Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to the Plan and not to any particular "Article", "Section" or other portion of the Plan and include any documents supplemental hereto; and
- (j) the word "or" is not exclusive.

### **1.3 Time**

For purposes of the Plan, unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean prevailing local time in Calgary, Alberta, Canada, unless otherwise stipulated.

### **1.4 Date and Time for any Action**

For purposes of the Plan:

- (a) In the event that any date on which any action is required to be taken under the Plan by any Person is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and
- (b) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

### **1.5 Successors and Assigns**

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, liquidators, receivers, trustees in bankruptcy, and successors and assigns of any Person or party named or referred to in the Plan.

### **1.6 Governing Law**

The Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation

of or application of the Plan and all proceedings taken in connection with the Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

### **1.7 Currency**

For the purposes of voting or distribution under the Plan, a Claim shall be denominated in Canadian dollars and all payments and distributions to Affected Creditors on account of their Proven Claims shall be made in Canadian dollars. In accordance with paragraph 6 of the Claims Procedure Order, any Claim in a currency other than Canadian dollars must be converted to Canadian dollars, and any such amount shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date, which rate is US\$1:CDN\$1.3389.

### **1.8 Schedules**

The following are the Schedules to the Plan, which are incorporated by reference into the Plan and form a part of it:

Schedule "A" Meeting Order

## **ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN**

### **2.1 Purpose of Plan**

The purpose of the Plan is to effect a compromise, settlement and distribution in respect of all Proven Claims as finally determined for voting and distribution purposes pursuant to the Claims Procedure Order and the Meeting Order in the expectation that all Persons with an economic interest in the Business will derive a more timely distribution of available proceeds from the implementation of the Plan than would result from a bankruptcy of the Quicksilver Canada Entities.

### **2.2 Persons Affected**

The Plan provides for a compromise of the Affected Claims. The Plan will become effective at the Effective Time on the Plan Implementation Date. On the Plan Implementation Date, the Affected Claims will be fully and finally compromised, released, settled and discharged to the extent provided for under the Plan. The Plan shall be binding on and shall enure to the benefit of the Quicksilver Canada Entities, the Affected Creditors, the Released Parties and all other Persons named or referred to in, receiving the benefit of or subject to, the Plan.

### **2.3 Persons Not Affected**

For greater certainty, the Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims. Nothing in the Plan shall affect any Quicksilver Canada Entity's rights and defences, both legal and equitable, with respect to any Unaffected Claims

including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

## **2.4 Equity Claims**

All Persons holding Equity Claims shall not be entitled to vote at or attend the Creditors' Meeting, and shall not receive any distributions under the Plan or otherwise receive any other compensation in respect of their Equity Claims.

# **ARTICLE 3**

## **CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS**

### **3.1 Classification of Creditors**

For the purposes of considering, voting on and receiving distributions under the Plan, the Affected Creditors shall constitute a single class, the "Unsecured Creditors' Class".

### **3.2 Claims of Affected Creditors**

Affected Creditors (including Affected Creditors with Disputed Claims which have not become Proven Claims) shall be entitled to vote their Voting Claims at the Creditors' Meeting in respect of the Plan and shall be entitled to receive distributions on their Proven Claims pursuant to the Plan.

### **3.3 Unaffected Claims**

Unaffected Claims shall not be compromised under the Plan. No holder of an Unaffected Claim shall:

- (a) be entitled to vote on the Plan or attend at any Creditors' Meeting in respect of such Unaffected Claim; or
- (b) be entitled to or receive any distributions pursuant to the Plan in respect of such Unaffected Claim, unless specifically provided for under and pursuant to the Plan.

### **3.4 Priority Claims**

The Employee Priority Claims and the Government Priority Claims, if any, shall be paid on or after the Plan Implementation Date from the Administrative Reserve Account pursuant to and in accordance with Section 6.2 of the Plan, the Sanction Order and the CCAA.

### **3.5 Creditors' Meeting**

The Creditors' Meeting shall be held in accordance with the Plan, the Claims Procedure Order, the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Creditors' Meeting shall be representatives of the Quicksilver Canada Entities and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors and all other

Persons, including the holders of Proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors.

### **3.6 Voting**

Each Affected Creditor in the Unsecured Creditors' Class who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Procedure Order, the Meeting Order, the Plan and the CCAA, shall be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim.

### **3.7 Procedure for Valuing Voting Claims**

The procedure for valuing Voting Claims and resolving disputes and entitlements to voting shall be as set forth in the Claims Procedure Order, the Meeting Order, the Plan and the CCAA. The Monitor, in consultation with the Quicksilver Canada Entities, shall have the right to seek the assistance of the Court in valuing any Voting Claim in accordance with the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

### **3.8 Approval by Creditors**

In order to be approved, the Plan must receive the affirmative vote of the Required Majority of the Unsecured Creditors' Class.

### **3.9 Guarantees and Similar Covenants**

No Person who has a Claim under a Guarantee in respect of any Claim which is compromised under the Plan (such compromised Claim being the "**Principal Claim**"), or who has any right to or claim over in respect of or to be subrogated to the rights of any Person in respect of the Principal Claim, shall:

- (a) be entitled to any greater rights as against the Quicksilver Canada Entities than the Person holding the Principal Claim;
- (b) be entitled to vote on the Plan to the extent that the Person holding the Principal Claim is voting on the Plan; or
- (c) be entitled to receive any distribution under the Plan to the extent that the Person holding the Principal Claim is receiving a distribution.

## **ARTICLE 4 QUICKSILVER CANADA CASH POOL AND CASH RESERVES**

### **4.1 Creation of the Quicksilver Canada Cash Pool**

On the Plan Implementation Date, the Quicksilver Canada Entities (other than Quicksilver Canada) shall deliver to Quicksilver Canada by way of wire transfer (in accordance with the wire transfer instructions provided by Quicksilver Canada at least three (3) Business Days prior to the Plan Implementation Date) the aggregate of all of their Cash, if any, which Cash, together with



Quicksilver Canada's Cash, shall be held by Quicksilver Canada on behalf of the Quicksilver Canada Entities as the Quicksilver Canada Cash Pool.

In the event that the Quicksilver Canada Entities recover additional amounts of Cash after the Plan Implementation Date and before the Final Distribution Date, they shall deliver such additional Cash to Quicksilver Canada as soon as reasonably practicable after receipt thereof, and such Cash, shall be added to the Quicksilver Canada Cash Pool.

Quicksilver Canada shall hold the Quicksilver Canada Cash Pool in the Quicksilver Canada Cash Pool Account and shall distribute such Cash in the Quicksilver Canada Cash Pool Account, net of the Cash Reserves, in accordance with Sections 5.1, 5.2 and 5.3 of the Plan.

#### **4.2 The Administrative Reserve**

On the Plan Implementation Date, Quicksilver Canada shall transfer from the Quicksilver Canada Cash Pool Account the Cash necessary to establish the Administrative Reserve.

Quicksilver Canada shall hold the Administrative Reserve in the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs in accordance with the Plan and shall distribute any remaining balance in the Administrative Reserve Account in accordance with Section 5.3 of the Plan.

#### **4.3 The Quicksilver Canada Entities Disputed Claims Reserve**

On the Plan Implementation Date, Quicksilver Canada shall transfer from the Quicksilver Canada Cash Pool Account the Cash necessary to establish the Quicksilver Canada Entities Disputed Claims Reserve. Quicksilver Canada shall hold the Quicksilver Canada Entities Disputed Claims Reserve in the Quicksilver Canada Entities Disputed Claims Reserve Account for the purpose of paying amounts to Affected Creditors in respect of their Disputed Claims which have become Proven Claims, in whole or in part, in accordance with the Claims Procedure Order and the Plan.

As Disputed Claims are resolved by the Monitor, Quicksilver Canada shall at the direction of the Monitor transfer amounts from the Quicksilver Canada Entities Disputed Claims Reserve Account to the Quicksilver Canada Cash Pool Account, with any final balance remaining in the Quicksilver Canada Entities Disputed Claims Reserve Account (once all Disputed Claims have been finally determined), including any interest thereon, to be contributed by Quicksilver Canada to the Quicksilver Canada Cash Pool Account for distribution to Affected Creditors with Proven Claims pursuant to and in accordance with Section 5.3 the Plan.

### **ARTICLE 5 PROVISIONS REGARDING DISTRIBUTIONS AND DISBURSEMENTS**

All distributions and disbursements to be effected pursuant to the Plan shall be made pursuant to this Article 5 and shall occur in the manner set out below under the supervision of the Monitor.

Notwithstanding any other provisions of the Plan, no distributions or transfers of Cash shall be made by the Quicksilver Canada Entities with respect to all or any portion of a Disputed Claim

unless and only to the extent that such Disputed Claim has become a Proven Claim, in whole or in part.

### **5.1 Initial Distributions from Quicksilver Canada Cash Pool Account to Affected Creditors with Proven Claims**

On the Initial Distribution Date, the Cash in the Quicksilver Cash Pool Account shall be distributed by Quicksilver Canada, on behalf and for the account of the Quicksilver Canada Entities, as follows:

- (a) each Affected Creditor with a Proven Claim shall receive a distribution in an amount equal to its Pro Rata Share of the Cash in the Quicksilver Canada Cash Pool Account by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim (or by wire transfer in accordance with any wire transfer instructions provided to the Monitor prior to the Creditors' Meeting).

### **5.2 Resolution of Disputed Quicksilver Canada Entities Claims and Subsequent Distributions**

Subject to Section 5.1, from and after the Initial Distribution Date, as frequently as the Monitor may direct in its sole and unfettered discretion, Quicksilver Canada, on behalf of the Quicksilver Canada Entities, shall distribute to:

- (a) each Affected Creditor with a Disputed Claim that has become a Proven Claim in whole or in part, on or before the third (3rd) Business Day prior to a Distribution Date (other than the Final Distribution Date), an amount of Cash from the Quicksilver Canada Entities Disputed Claims Reserve Account equal to the aggregate amount of all distributions such Affected Creditor would have otherwise already received pursuant to the Plan had its Disputed Claim been a Proven Claim on and as of the Initial Distribution Date, and any remaining balance in the Quicksilver Canada Entities Disputed Claims Reserve Account relating to such Affected Creditor's Disputed Claim shall be deposited into the Quicksilver Canada Cash Pool Account; and
- (b) each Affected Creditor with a Proven Claim in an amount equal to such Affected Creditor's respective Pro Rata Share of the Cash in the Quicksilver Canada Cash Pool Account (subsequent to effecting the payments in Section 5.2(a)) by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim.

### **5.3 Final Distribution**

On the Final Distribution Date, once Quicksilver Canada has effected all distributions pursuant to Section 5.2 and there are no remaining Disputed Claims:

- (a) Quicksilver Canada, on behalf of the Quicksilver Canada Entities, shall pay any final Administrative Reserve Costs;

- (b) thereafter, Quicksilver Canada shall contribute any balance remaining in the Administrative Reserve Account and the Quicksilver Canada Entities Disputed Claims Reserve Account to the Quicksilver Canada Cash Pool Account;
- (c) thereafter, Quicksilver Canada shall distribute to the Affected Creditors with Proven Claims an amount equal to such Affected Creditor's respective Pro Rata Share of any Cash in the Quicksilver Canada Cash Pool Account; and
- (d) thereafter, Quicksilver Canada shall provide written notice to the Monitor that it has completed its duties to effect all distributions, disbursements and payments in accordance with the Plan.

#### **5.4 Treatment of Undeliverable Distributions**

If any Affected Creditor's distribution is returned as undeliverable or is not cashed, no further distributions to such Creditor shall be made unless and until the Monitor is notified by such Creditor of its current address or wire particulars, at which time all such distributions shall be made to such Creditor without interest. All claims for undeliverable or un-cashed distributions in respect of Proven Claims must be made on or before the deadline specified in the Notice of Final Distribution, after which date the Claims of such Creditor or successor or assign of such Creditor with respect to such unclaimed or un-cashed distributions shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Law to the contrary, at which time the Cash amount held by Quicksilver Canada in relation to such Claim shall be returned to the Quicksilver Canada Cash Pool Account. Nothing in the Plan or in the Sanction Order shall require the Monitor, any Quicksilver Canada Entity or any other Person to attempt to locate the holder of any Proven Claim.

#### **5.5 Assignment of Claims for Voting and Distribution Purposes Prior to the Creditors' Meeting**

An Affected Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting, provided that neither the Quicksilver Canada Entities nor the Monitor shall be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim as an Affected Creditor in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the date that is seven (7) days prior to the Creditors' Meeting. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

Where a Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim, and the transferee or assignee shall have no voting rights at the Creditors Meeting in respect of such Claim.

## 5.6 Assignment of Claims for Distribution Purposes After the Creditors' Meeting

An Affected Creditor may transfer or assign the whole of its Claim for distribution purposes after the Creditors' Meeting provided that Quicksilver Canada shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing; thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, the Meeting Order and the Plan, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

## 5.7 Tax Matters

- (a) Any terms and conditions of any Affected Claims which purport to deal with the ordering of or grant of priority of payment of principal, interest, penalties or other amounts shall be deemed to be void and ineffective;
- (b) Notwithstanding any provisions of the Plan, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax Obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment;
- (c) Any payor shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a "**Withholding Obligation**") to be deducted and withheld with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and Quicksilver Canada such documentation prescribed by Applicable Law or otherwise reasonably required by Quicksilver Canada as will enable Quicksilver Canada to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority;
- (d) All distributions made by Quicksilver Canada on behalf of the Quicksilver Canada Entities pursuant to the Plan shall be first in satisfaction of the portion of Affected Claims that are not subject to any Withholding Obligation;
- (e) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made; and
- (f) For the avoidance of doubt, it is expressly acknowledged and agreed that the Monitor and any Director or Officer will not hold any assets hereunder, including

Cash, or make distributions, payments or disbursements, and no provision hereof shall be construed to have such effect.

## **ARTICLE 6 PLAN IMPLEMENTATION**

### **6.1 Corporate Authorizations**

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving any corporate action of any of the Quicksilver Canada Entities will occur and be effective as of the Plan Implementation Date as set out in Section 6.2, and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, Directors or Officers of such Quicksilver Canada Entity. All necessary approvals to take actions shall be deemed to have been obtained from the Directors or shareholders of the Quicksilver Canada Entity, as applicable.

### **6.2 Plan Implementation Date Transactions**

The following transactions, steps, offsets, distributions, payments, disbursements, compromises, releases, discharges to be effected in the implementation of the Plan (the "**Plan Transactions**") shall occur on or after the Plan Implementation Date:

- (a) Delivery of Cash to Quicksilver Canada: The Quicksilver Canada Entities (other than Quicksilver Canada) shall deliver to Quicksilver Canada the aggregate of all of their Cash in accordance with Article 4;
- (b) Establishment of Accounts and Reserves: Quicksilver Canada, with the supervision of the Monitor, shall establish the accounts and reserves in accordance with Article 4;
- (c) Payments by Quicksilver Canada: Quicksilver Canada, on behalf of the Quicksilver Canada Entities, shall pay the following Administrative Reserve Costs from the Administrative Reserve Account on or after the Plan Implementation Date pursuant to the Sanction Order and the CCAA:
  - (i) all fees and disbursements owing as at the Plan Implementation Date to the legal counsel and other consultants and advisors to the Quicksilver Canada Entities and to the Monitor and to Representative Counsel;
  - (ii) all amounts on account of the KERP;
  - (iii) all amounts on account of Government Priority Claims;
  - (iv) all amounts on account of Employee Priority Claims;
  - (v) all amounts on account of the Post-Filing Trade Payables;

- (vi) the Settlement Payment to the Represented Group, pursuant to the Settlement Agreement (\$325,000 thereof to be paid from the funds held in trust pursuant to the Settlement Agreement and the additional amount, if any, required to ensure that the aggregate consideration received by the Represented Group thereunder and under this Plan totals \$450,000, to be paid from the Administrative Reserve Account);
  - (vii) all fees, if any, owing to third-parties on account of the administration of distributions, disbursements and payments under the Plan; and
  - (viii) such amounts as may be necessary to fund any final minor adjustments to the Cash pools after establishment thereof in accordance with Section 6.2(b);
- (d) Release of CCAA Charges; Continuation of Administration Charge: The CCAA Charges (other than the Administration Charge) shall be discharged and the Administration Charge shall continue and shall attach solely against the Quicksilver Canada Cash Pool and the Cash Reserves from and after the Plan Implementation Date pursuant to and in accordance with the Sanction Order;
- (e) Distributions from the Quicksilver Canada Cash Pool and the Quicksilver Canada Entities Disputed Claims Reserve: Once Quicksilver Canada, in consultation with the Monitor, has determined that all requisite consents, declarations, certificates or approvals of or by any Governmental Authority as may be considered necessary by Quicksilver Canada or the Monitor in respect of any such distribution have been obtained, Quicksilver Canada shall make distributions from the Quicksilver Canada Cash Pool Account and the Quicksilver Canada Entities Disputed Claims Reserve Account in accordance with Sections 5.1, 5.2 and 5.3; and
- (f) Compromise, Satisfaction and Release: The compromises with the Affected Creditors and the release of the Released Parties referred to herein shall become effective in accordance with Article 7 of the Plan.

## **ARTICLE 7 RELEASES**

### **7.1 Plan Releases**

- (a) On the Plan Implementation Date, each of the Quicksilver Canada Entities and their respective Directors, Officers, current and former employees, advisors, legal counsel and agents (being referred to individually as a "**Quicksilver Canada Released Party**") shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected

Creditor, or other Person may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds, statutory liabilities of the Directors, Officers and employees of the Quicksilver Canada Released Parties and any alleged fiduciary or other duty (whether such employees are acting as a Director, Officer or employee), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Quicksilver Canada Entities' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge (i) any Quicksilver Canada Released Party if such Quicksilver Canada Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other willful misconduct or (ii) the Directors with respect to matters set out in section 5.1(2) of the CCAA, provided that, in the case of any such claim asserted against any Quicksilver Canada Released Party or any Director after Plan Implementation, no such claim may be asserted without leave of the Court first being obtained, on motion made on notice to such Person Quicksilver Canada Released Party or Director.

- (b) On the Plan Implementation Date, the Monitor and its current and former directors, officers and employees, legal counsel and agents (being referred to individually as a "**Monitor Released Party**") shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor, or other Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Monitor's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or

discharge any Monitor Released Party if such Monitor Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other willful misconduct provided that, in the case of any such claim asserted against any Monitor Released Party after Plan Implementation, no such claim may be asserted without leave of the Court first being obtained, on motion made on notice to such Monitor Released Party.

- (c) The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged, compromised or terminated pursuant to the Plan.
- (d) Nothing in the Plan shall be interpreted as restricting the application of Section 21 of the CCAA.

## **ARTICLE 8**

### **COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION**

#### **8.1 Application for Sanction Order**

If the Required Majority of the Affected Creditors approves the Plan, the Quicksilver Canada Entities shall apply for the Sanction Order on or before the date set in the Meeting Order for the hearing of the Sanction Order or such later date as the Court may set.

#### **8.2 Sanction Order**

The Sanction Order will have effect from and after the Effective Time on the Plan Implementation Date, and shall, among other things:

- (a) declare that (i) the Plan has been approved by the Required Majority of Affected Creditors with Proven Claims in conformity with the CCAA; (ii) the Quicksilver Canada Entities have complied with the provisions of the CCAA and the Orders of the Court made in these CCAA Proceedings in all respects; (iii) the Court is satisfied that the Quicksilver Canada Entities have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the Plan Transaction Steps contemplated thereby are fair and reasonable;
- (b) declare that the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved, binding and effective on the Quicksilver Canada Entities, all Affected Creditors, the Released Parties and all other Persons and parties affected by the Plan as of the Effective Time;
- (c) grant to the Monitor, in addition to its rights and obligations under the CCAA:



- (i) the powers, duties and protections contemplated by and required under the Plan and authorize and direct the Monitor to perform its duties and fulfil its obligations under the Plan to facilitate the implementation thereof; and
  - (ii) all of the powers and authority of the Directors of any and all of the Quicksilver Entities forthwith upon Plan Implementation and the resignation of the Directors of such Quicksilver Entities;
- (d) confirm the releases of the Released Parties as set out in Section 7.1;
- (e) declare that any Affected Claim for which a Proof of Claim has not been filed by the Claims Bar Date in accordance with the Claims Procedure Order or any other Order, as applicable, shall be forever barred and extinguished;
- (f) declare that all distributions or payments by Quicksilver Canada, in each case on behalf of the Quicksilver Canada Entities, to the Affected Creditors with Proven Claims under the Plan are for the account of the Quicksilver Canada Entities and the fulfillment of their respective obligations under the Plan;
- (g) declare that in no circumstance will the Monitor have any liability for any of the Quicksilver Canada Entities' tax liabilities regardless of how or when such liability may have arisen;
- (h) declare that Quicksilver Canada shall be authorized, in connection with the making of any payment or distribution, and Quicksilver Canada and the Monitor shall be authorized, in connection with the taking of any step or transaction or performance of any function under or in connection with the Plan, to apply to any Governmental Authority for any consent, authorization, certificate or approval in connection therewith;
- (i) declare that, in carrying out the terms of the Sanction Order and the Plan, (i) the Monitor shall benefit from all the protections given to it by the CCAA, the Initial Order and any other Order in the CCAA Proceedings, and as an officer of the Court, including the Stay of Proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction Order and/or the Plan; and (iii) the Monitor shall be entitled to rely on the books and records of the Quicksilver Canada Entities and any information provided by any of the Quicksilver Canada Entities without independent investigation and shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information;
- (j) provide for discharge of the CCAA Charges (other than the Administration Charge) and the continuation of the Administration Charge which shall survive the Plan Implementation Date;
- (k) approve the Monitor's form of Notice of Final Distribution;

- (l) authorize the Quicksilver Canada Entities (at their sole election) to seek an order of any court of competent jurisdiction to recognize the Plan and the Sanction Order and to confirm the Plan and the Sanction Order as binding and effective in any appropriate foreign jurisdiction;
- (m) declare that the Quicksilver Canada Entities and the Monitor may apply to the Court from time to time for advice and direction in respect of any matters arising from or under the Plan; and
- (n) approve the form of the Monitor's Plan Completion Certificate, and declare that the Monitor, in its capacity as Monitor, following written notice from Quicksilver Canada pursuant to Section 5.3(d) that Quicksilver Canada has completed its duties to effect distributions, disbursements and payments in accordance with the Plan, shall file with the Court the Monitor's Plan Completion Certificate stating that all of its duties and the Quicksilver Canada Entities' duties under the Plan and the Orders have been completed.

### **8.3 Conditions Precedent to Implementation of the Plan**

The implementation of the Plan shall be conditional upon the fulfilment or waiver, where applicable, of the following conditions precedent by the date specified therefor, provided however that any waiver of any such conditions precedent shall require the consent of the Monitor:

- (a) the Meeting Order shall have been granted by the Court on or before November 18, 2016, or such later date as shall be acceptable to Quicksilver Canada in consultation with the Monitor, and shall be a Final Order;
- (b) the Creditors' Meeting to consider and vote on the Plan shall have been convened by the date set by the Meeting Order or such later date and shall be acceptable to Quicksilver Canada in consultation with the Monitor;
- (c) the Quicksilver Canada Entities shall have satisfied their respective Post-Filing Trade Payables in the ordinary course or provision shall have been made in respect thereof in the Administrative Reserve to the satisfaction of the Monitor;
- (d) all material consents, declarations, rulings, certificates or approvals of or by any Governmental Authority as may be considered necessary by the Quicksilver Canada Entities and the Monitor in respect of the Plan Transaction Steps shall have been obtained;
- (e) the Plan shall have been approved by the Required Majority of the Affected Creditors forming the Unsecured Creditors' Class at the Creditors' Meeting;
- (f) the Sanction Order shall have been granted by the Court by December 16, 2016, or such later date as shall be acceptable to Quicksilver Canada, in consultation with the Monitor, in form and substance satisfactory to the Quicksilver Canada Entities and the Monitor, and shall be a Final Order; and

- (g) the Plan Implementation Date shall have occurred by December 31, 2016, or such other date as the Quicksilver Canada Entities and the Monitor may have agreed.

#### **8.4 Monitor's Certificate**

Upon delivery of written notice from the Quicksilver Canada Entities of the fulfilment or waiver of the conditions precedent to implementation of the Plan as set out in Section 8.3 of the Plan, the Monitor shall deliver the Monitor's Plan Implementation Certificate to the Quicksilver Canada Entities. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court and shall post a copy of same on the Website.

### **ARTICLE 9 GENERAL**

#### **9.1 Binding Effect**

On the Plan Implementation Date, or as otherwise provided in the Plan:

- (a) the Plan will become effective at the Effective Time and the Plan Transaction Steps will be implemented;
- (b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Quicksilver Canada Entities, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (c) all Affected Claims shall be and shall be deemed to be forever discharged and released, and shall be and shall be deemed to be fully satisfied, discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;
- (e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Quicksilver Canada Entities all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (f) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Quicksilver Canada Entities all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

## **9.2 Claims Bar Date**

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order or any other Order.

## **9.3 Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

## **9.4 Interest and Fees**

Interest shall not accrue or be paid on Affected Claims after the Filing Date, and no holder of an Affected Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of an Affected Claim on or after the Filing Date and any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released.

## **9.5 Non-Consummation**

The Quicksilver Canada Entities reserve the right to revoke or withdraw the Plan at any time prior to the Plan Sanction Date. If the Quicksilver Canada Entities revoke or withdraw the Plan, or if the Sanction Order is not issued or if the Plan Implementation Date does not occur, (a) the Plan (including all Plan Transaction Steps) shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan, or any document or agreement executed pursuant to or in connection with the Plan shall be deemed to be null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against any of the Quicksilver Canada Entities or any other Person, (ii) prejudice in any manner the rights of the Quicksilver Canada Entities or any other Person in any further proceedings involving any of the Quicksilver Canada Entities, or (iii) constitute an admission of any sort by any of the Quicksilver Canada Entities or any other Person.

## **9.6 Modification of the Plan**

- (a) The Quicksilver Canada Entities reserve the right, at any time and from time to time, with the consent of the Monitor, both prior to and during the Creditors' Meeting or after the Creditors' Meeting, to amend, restate, modify and/or supplement the Plan; provided (i) if made prior to or at the Creditors' Meeting, such amendment, restatement, modification or supplement shall be communicated to Affected Creditors in the manner required by the Meeting Order and (ii) if made following the Creditors' Meeting, such amendment, restatement, modification or supplement shall be approved by the Court following notice to the Affected Creditors by posting the application materials on the Website.
- (b) Notwithstanding Section 9.6(a), any amendment, restatement, modification or supplement to the Plan may be made by the Quicksilver Canada Entities, with the consent of the Monitor or pursuant to an Order of the Court, at any time and from

time to time, provided that it concerns a matter which (i) is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or (ii) to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors.

- (c) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section, approved by the Court shall, for all purposes, be and be deemed to be a part of, and incorporated in, the Plan.

## **9.7 Paramountcy**

Except with respect to the Unaffected Claims, from and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan or the Sanction Order; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Quicksilver Canada Entities, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Person and the Quicksilver Canada Entities as at the Plan Implementation Date;

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority.

## **9.8 Set-Off**

In the making of any distributions or disbursements in connection with this Plan, pursuant to Article 5 or otherwise, the Quicksilver Canada Entities and the Monitor shall be entitled to and shall exercise and enforce all rights of set-off as against any Affected Creditors or other Persons, so as to reduce the amount of any distribution or disbursement to any Affected Creditor or Person, to the net amount to which such Affected Creditor or Person is entitled, after the application of such set-off rights.

## **9.9 Severability of Plan Provisions**

If, prior to the Plan Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Quicksilver Canada Entities and with the consent of the Monitor, shall have the power to either (a) sever such term or provision from the balance of the Plan and provide the Quicksilver Canada Entities with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be

applied as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Quicksilver Canada Entities proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

### **9.10 Responsibilities of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Quicksilver Canada Entities and not in its personal or corporate capacity. The Monitor will not be responsible or liable whatsoever for any obligations of the Quicksilver Canada Entities. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Sanction Order and any other Order made in the CCAA Proceedings.

### **9.11 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by a Person in writing or unless its Claims overlap or are otherwise duplicative.

### **9.12 Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by email addressed to the respective Parties as follows:

- (a) If to the Quicksilver Canada Entities:

Quicksilver Resources Canada Inc.  
Palliser One  
2000, 125 – 9<sup>th</sup> Avenue S.E.  
Calgary, AB T2G 0P6

Attention: Bob McGregor  
Email: bmcgregor@qrinc.ca

with a copy to:

Bennett Jones LLP  
4500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, AB T2P 4K7

Attention: Chris Simard & Kevin Zych  
Email: simardc@bennettjones.com & zychk@bennettjones.com

(b) If to the Monitor:

FTI Consulting Canada Inc.  
Suite 720  
400 2<sup>nd</sup> Avenue S.W.  
Calgary, AB T2P 5E9

Attention: Deryck Helkaa & Dustin Olver  
Email: deryck.helkaa@fticonsulting.com &  
dustin.olver@fticonsulting.com

with a copy to:

McCarthy Tétrault LLP  
Suite 4000  
421 7th Ave SW  
Calgary AB T2P 4K9

Attention: Sean Collins & Walker Macleod  
Email: scollins@mccarthy.ca & wmacleod@mccarthy.ca

or to such other address as any party may from time to time notify the others in accordance with this Section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

### **9.13 Further Assurances**

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

**DATED** as of the 7<sup>th</sup> day of November, 2016.

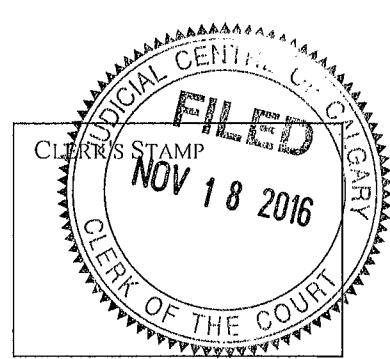
**SCHEDULE "A"**  
**MEETING ORDER**



## Appendix C

### Court Order (Creditors' Meeting)

I hereby certify this to be a true copy of  
the original order  
Dated this 28 day of Nov 2016  
[Signature]  
for Clerk of the Court



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 (Creditors' Meeting)**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT **BENNETT JONES LLP**  
Barristers and Solicitors  
4500 Bankers Hall East  
855 – 2<sup>nd</sup> 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:** November 17, 2016  
**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary Courts Centre  
**NAME OF JUSTICE WHO MADE THIS ORDER:** Madam Justice K. M. Eidsvik

UPON THE APPLICATION of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**") and 0942065 B.C. Ltd. (collectively, the "**Applicants**") for a Meeting Order, among other things, (i) accepting the filing of the Plan of Compromise and Arrangement of the Applicants (the "**Plan**"); (ii) authorizing the classification of creditors for purposes of voting on the Plan; (iii) authorizing and directing the Applicants to call, hold and conduct a meeting of Affected Creditors to vote on a resolution to approve the Plan; (iv) authorizing and directing the mailing and

distribution of the Affected Creditors Meeting Materials; (v) approving the procedures to be followed with respect to the meeting of Affected Creditors; and (vi) setting a date of the hearing of the Applicants' application for Court approval of the Plan;

**AND UPON** having read the pleadings and proceedings herein, the notice of this Application, the Affidavit of Bob McGregor sworn November 17, 2016, and the Eighth Report of FTI Consulting Canada Inc., in its capacity as Monitor of the Applicants (the "**Monitor**"), filed; **AND UPON** hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for other interested parties and stakeholders;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Service of the Application for this Order and supporting documents is hereby deemed to be good and sufficient, the time for notice is hereby abridged to the time provided, and no other person is required to have been served with notice of this Application.

**MONITOR'S ROLE**

2. The Monitor, in addition to its prescribed rights and obligations under (i) the CCAA, (ii) the Initial Order, (iii) the Claims Procedure Order granted on May 26, 2016 (the "**Claims Procedure Order**"), and (iv) any other Order granted in these proceedings, is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Meeting Order.
3. In carrying out the terms of this Meeting Order, the Monitor shall: (i) have all the protections given to it by the CCAA, the Initial Order, or as an officer of the Court, including the stay of proceedings in its favour; (ii) incur no liability or obligation as a result of carrying out the provisions of this Meeting Order, save and except for any gross negligence or wilful misconduct on its part; (iii) be entitled to rely on the books and records of the Applicants and any information provided by the Applicants and the Affected Creditors without independent investigation; and (iv) not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.
4. The Monitor and the Applicants are hereby authorized to retain such agents as they deem to be advisable to assist them in connection with calling and conducting the Meeting,

including with respect to the distribution of the Affected Creditor Meeting Materials, the identification of the applicable Affected Creditors, and the solicitation of proxies from Persons entitled to vote at the Meeting.

## DEFINITIONS

5. Any capitalized terms used herein but not otherwise defined herein have the meanings - ascribed thereto in the Plan or in the Claims Procedure Order, as applicable.
6. For the purposes of this Meeting Order, in addition to the terms defined elsewhere in this Meeting Order, the Plan or the Claims Procedure Order, the following terms shall have the following meanings:
  - (a) **"Affected Creditor Meeting Materials"** means copies of:
    - (i) the Notice to Affected Creditors;
    - (ii) the Plan;
    - (iii) this Meeting Order; and
    - (iv) a blank form of the Affected Creditors' Proxy.
  - (b) **"Affected Creditors' Proxy"** means a proxy substantially in the form attached as Schedule "A" hereto, to be submitted to the Monitor by any Affected Creditor who wishes to vote by proxy at the Meeting;
  - (c) **"Disputed Claim"** means an Affected Creditor Claim in respect of which a Proof of Claim has been filed in accordance with the Claims Procedure Order but that, as at any applicable time, has not been (i) determined to be a Voting Claim, or (ii) finally disallowed;
  - (d) **"Mailing Date"** means the first Business Day following the date of this Meeting Order"

- (e) **"Meeting Date"** means December 13, 2016, provided that the Applicants may, with the consent of the Monitor, extend the date on which one or more of the Meeting will be held;
  - (f) **"Meeting Order"** means this Order, as it may be amended by any further Order of the Court;
  - (g) **"Notice to Affected Creditors"** means the notice to Affected Creditors substantially in the form attached as Schedule "B" hereto;
  - (h) **"Sanction Hearing Date"** means December 15, 2016;
  - (i) **"Service List"** means the list of counsel and other interested parties who have requested service of materials filed with the Court in this proceeding, as maintained by the Applicants and the Monitor;
  - (j) **"Voting Record Date"** means the Business Day prior to the Meeting; and
  - (k) **"Website"** means <http://cfcanada.fticonsulting.com/qrci/>.
7. All references to time herein shall mean local time in Calgary, Alberta, Canada, and any reference to an event occurring on a Business Day shall mean prior to 3:00 p.m. on such Business Day unless otherwise indicated herein.
8. All references to the word "including" shall mean "including without limitation".
9. All references to the singular herein shall include the plural, the plural include the singular and any gender includes the other gender.

## **THE PLAN**

10. The Plan is hereby accepted for filing and the Applicants are hereby authorized and directed to call the Meeting for the purpose of having the Affected Creditors vote on the Plan in the manner set out herein.
11. The Applicants may, at any time and from time to time prior to or at the Meeting, or in advance of the Sanction Hearing, as the case may be, amend, restate, modify and/or

supplement the Plan, subject to the terms of the Plan, provided that: (i) the Monitor, the Applicants or the Chairperson shall communicate the details of any such amendments, restatements, modifications and/or supplements made prior to or at the Meeting to Affected Creditors present at the Meeting prior to any vote being taken at the Meeting; (ii) the Applicants shall forthwith provide notice to the Service List of any such amendments, restatements, modifications and/or supplements and shall file a copy thereof with this Court forthwith and in any event prior to the Meeting or the Sanction Hearing, as the case may be; and (iii) the Monitor shall post an electronic copy of any such amendments, restatements, modifications and/or supplements on the Website forthwith and in any event prior to the Meeting or the Sanction Hearing, as the case may be.

## **FORMS OF DOCUMENTS**

12. The forms of the Notice to Affected Creditors and Affected Creditors' Proxy are hereby approved. The Applicants may:
  - (a) make any changes to such materials as are necessary or desirable to conform the content thereof to the terms of the Plan or this Meeting Order; and
  - (b) at any time and from time to time prior to or at the Meeting, amend, restate, modify and/or supplement any of such materials, subject to the terms of the Plan, provided that:
    - (i) the Monitor, the Applicants or the Chairperson shall communicate the details of any such amendments, restatements, modifications and/or supplements to Affected Creditors present at the Meeting prior to any vote being taken at the Meeting;
    - (ii) the Applicants shall forthwith provide notice to the Service List of any such amendments, restatements, modifications and/or supplements and shall file a copy thereof with this Court forthwith and in any event prior to any vote being taken at the Meeting; and

- (iii) the Monitor shall post an electronic copy of any such amendments, restatements, modifications and/or supplements on the Website forthwith and in any event prior to any vote being taken at the Meeting.

### **VOTING BY CREDITORS**

- 13. For the purposes of considering and voting on the Plan, there will be ONE (1) meeting which will be a meeting of all of the Affected Creditors of the Applicants, where all such Affected Creditors shall constitute a single class.

### **NOTICE TO AFFECTED CREDITORS**

- 14. The Monitor shall, no later than the first Business Day following the date of this Meeting Order, post an electronic copy of the Notice to Affected Creditors, the Plan and the Affected Creditors' Proxy (in the forms provided by the Applicants as at the date of this Meeting Order) on the Website.
- 15. The Monitor shall, on the Mailing Date, deliver the Affected Creditor Meeting Materials by courier, personal delivery or email to each Affected Creditor with a Voting Claim and/or a Disputed Claim at the address set out in such Affected Unsecured Creditor's Proof of Claim.

### **NOTICE, SERVICE AND DELIVERY**

- 16. The Monitor's fulfillment of the notice, delivery and Website posting requirements set out in this Meeting Order shall constitute good and sufficient notice, service and delivery thereof on all Persons who may be entitled to receive notice, service or delivery thereof or who may wish to be present or vote (in person or by proxy) at the Meeting, and that no other form of notice, service or delivery need be given or made on such Persons and no other document or material need be served on such Persons.

### **CONDUCT OF MEETING AND DELIVERY OF PROXIES**

- 17. The Applicants are hereby authorized and directed to call the Meeting and to hold and conduct the Meeting at 10:00 a.m. Calgary time on the Meeting Date at the

offices of Bennett Jones LLP, 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, for the purpose of seeking approval of the Plan by the Affected Creditors with Voting Claims at the Meeting in the manner set forth herein. In the event that the Meeting Date is extended after the Mailing Date, the Monitor shall post notice of the extension of the Meeting Date on the Website and provide notice of the extension of the Meeting Date to the Service List.

18. Deryck Helkaa or another representative of the Monitor, designated by the Monitor, shall preside as the chair of each of the Meeting (the "**Chairperson**") and, subject to this Meeting Order or any further Order of the Court, shall decide all matters relating to the conduct of each of the Meeting.
19. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at each of the Meeting (the "**Scrutineer**"). One or more people designated by the Monitor shall act as secretary at the Meeting (the "**Secretary**").
20. The quorum required at the Meeting shall be one Affected Creditor with a Voting Claim against the applicable Applicant present at the Meeting (in person or by proxy).
21. If the requisite quorum is not present at the Meeting, the Meeting is postponed by the vote of a majority in value of Voting Claims of the Affected Creditors present at the said Meeting (in person or by proxy), then such Meeting shall be adjourned by the Chairperson to a later date, time and place as designated by the Chairperson. The Chairperson shall be entitled to adjourn and further adjourn the said Meeting at that Meeting or at any adjourned Meeting. Any adjournment described in this paragraph 21 shall be for a period of not more than seven (7) days in total unless otherwise agreed to by the Applicants and the Monitor. In the event of any adjournment described in this paragraph 21, no Person shall be required to deliver any notice of the adjournment of the Meeting or adjourned Meeting, provided that the Monitor shall: (i) announce the adjournment at the Meeting or adjourned Meeting, as applicable; (ii) post notice of the adjournment at the originally designated time and location of the Meeting or adjourned Meeting, as applicable; (iii) forthwith post notice of the adjournment on the Website; and (iv) provide notice



of the adjournment to the Service List forthwith. Any Affected Creditor proxies validly delivered in connection with the Meeting shall be accepted as proxies in respect of any adjourned Meeting.

22. The only Persons entitled to attend and speak at a Meeting are: (i) the Affected Creditors entitled to vote at that Meeting (or, if applicable, any Person holding a valid Affected Creditors' Proxy on behalf of one or more such Affected Creditors) and any such Affected Creditor's or valid proxyholder's legal counsel and financial advisors; (ii) the Chairperson, the Scrutineer and the Secretary; (iii) one or more representatives of the Monitor and the Monitor's legal counsel; (iv) one or more representatives of the current board of Directors and/or senior management of the Applicants, as selected by the Applicants, and the Applicants' legal counsel and financial advisors; and (v) counsel to the Directors and Officers of any of the Applicants. Any other person may be admitted to a Meeting on invitation of the Applicants, in consultation with the Monitor.
23. The Monitor may, with the consent of the Applicants, waive in writing the time limits imposed on Affected Creditors as set out in this Meeting Order (including the schedules hereto), generally or in individual circumstances, if the Monitor deems it advisable to do so.

#### **ASSIGNMENT OF AFFECTED CLAIMS PRIOR TO THE MEETING**

24. Subject to any restrictions contained in Applicable Laws, an Affected Creditor may transfer or assign the whole of its Affected Claim prior to the Meeting (or any adjournment thereof), provided that neither the Applicants nor the Monitor shall be obliged to deal with any transferee or assignee thereof as an Affected Creditor in respect of such Affected Claim, including allowing such transferee or assignee to attend or vote at the Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Applicants and the Monitor, which receipt and acknowledgment must have occurred on or before 3:00 p.m. on the date that is the last Business Day prior to the date of the Meeting (or any adjournment thereof), failing which the original transferor shall have all applicable rights as the "Affected Creditor" with respect to such Affected Claim as if no transfer of the Affected Claim had occurred. If such receipt and acknowledgment by the Applicants and the

Monitor has occurred on or before 3:00 p.m. on the date that is the last Business Day prior to the date of the Meeting (or any adjournment thereof): (i) the transferor of the applicable Affected Claim shall no longer constitute an Affected Creditor in respect of such Affected Claim; and (ii) the transferee or assignee of the applicable Affected Claim shall, for all purposes in accordance with this Meeting Order, constitute an Affected Creditor in respect of such Affected Claim and shall be bound by any and all notices previously given to the transferor or assignor in respect thereof and shall be bound by any Affected Creditors' Proxy duly submitted to the Monitor in accordance with this Meeting Order. For greater certainty, the Applicants and the Monitor shall not recognize partial transfers or assignments of Affected Claims.

### **VOTING PROCEDURE**

25. At each Meeting, the Chairperson shall direct a vote, by written ballot, on a resolution to approve the Plan and any amendments thereto.
26. Subject to paragraph 34, the only Persons entitled to vote at a Meeting (whether in person or by proxy) are Affected Creditors with Voting Claims against the applicable Applicant as at the Voting Record Date (which, for greater certainty, includes any transferee of an Affected Claim that is a Voting Claim, provided that such transferee has been recognized as an Affected Creditor in respect of such transferred Affected Claim in accordance with paragraph 24 (or any such Affected Creditor's validly appointed holder of its Affected Creditors' Proxy).
27. Each Affected Creditor that has a Voting Claim against the Applicants shall be entitled to one vote as a member of the Affected Creditor Class, which vote shall have a value equal to the dollar value of such Affected Creditor's Voting Claim.
28. For the purpose of calculating the two-thirds majority in value of Voting Claims at the Meeting, the aggregate amount of Voting Claims held by all Affected Creditors that vote in favour of the Plan (in person or by proxy) at the Meeting shall be divided by the aggregate amount of all Voting Claims held by all Affected Creditors that vote on the Plan (in person or by proxy) at the Meeting. For the purpose of calculating a majority in number of Affected Creditors voting on the Plan at each Meeting, (i) each Affected Creditor that

votes on the Plan (in person or by proxy) at the Meeting shall only be counted once, without duplication.

29. For purposes of tabulating the votes cast on any matter that may come before a Meeting, the Chairperson shall be entitled to rely on any vote cast by a holder of an Affected Creditors' Proxy that has been duly submitted to the Monitor in the manner set forth in this Meeting Order.
30. Any Affected Creditor that is entitled to vote at the Meeting and that wishes to vote at the Meeting in person must: (i) duly complete and sign an Affected Creditors' Proxy; (ii) identify itself in the Affected Creditors' Proxy as the Person with the power to attend and vote at the Meeting on behalf of such Affected Creditor; and (iii) deliver such Affected Creditors' Proxy to the Monitor so that it is received on or before 3:00 p.m. on the last Business Day before the date of the Meeting (or any adjournment thereof), and such delivery must be made in accordance with the instructions accompanying such Affected Creditors' Proxy.
31. Any Affected Creditor that is entitled to vote at the Meeting and that wishes to appoint a nominee to vote on its behalf at the Meeting must: (i) duly complete and sign an Affected Creditors' Proxy; (ii) identify its desired nominee in the Affected Creditors' Proxy, as the Person with the power to attend and vote at the Meeting on behalf of such Affected Creditor; and (iii) deliver such Affected Creditors' Proxy to the Monitor so that it is received on or before 3:00 p.m. on the last Business Day before the date of the Meeting (or any adjournment thereof), and such delivery must be made in accordance with the instructions accompanying such Affected Creditors' Proxy.
32. Notwithstanding anything in paragraphs 30 and 31 or any minor error or omission in any Affected Creditors' Proxy that is submitted to the Monitor, the Chair shall have the discretion to accept for voting purposes any Affected Creditors' Proxy submitted to the Monitor in accordance with the Meeting Order.

## **VOTING OF DISPUTED CLAIMS**

33. Notwithstanding anything to the contrary herein or in the Plan, each Affected Creditor with an Disputed Claim against one or more Applicants as at the Voting Record Date shall be entitled to attend the Meeting and shall be entitled to one vote at said Meeting in respect of such Disputed Claim. Any vote cast in respect of an Disputed Claim shall be dealt with in accordance with paragraph 35, unless and until (and then only to the extent that) such Disputed Claim is ultimately determined to be: (i) a Voting Claim, in which case such vote shall have the dollar value attributable to such Voting Claim; or (ii) disallowed, in which case such vote shall not be counted for any purpose.
34. The Monitor shall keep a separate record of votes cast by Affected Creditors with Disputed Claims and shall report to the Court with respect thereto at the Sanction Hearing. If approval or non-approval of the Plan by Affected Creditors would be altered by the votes cast in respect of Disputed Claims: (i) such result shall be reported to the Court as soon as reasonably practicable after the Meeting; (ii) if a deferral of the Sanction Hearing is deemed to be necessary or advisable by the Monitor (in consultation with the Applicants), the Monitor shall request an appropriate deferral of the Sanction Hearing; and (iii) the Monitor may make a request to the Court for directions.
35. The Applicants and the Monitor shall have the right to seek the assistance of the Court at any time in valuing any Disputed Claim if required to ascertain the result of any vote on the Plan.

#### **PERSONS NOT ENTITLED TO VOTE**

36. For greater certainty, and notwithstanding anything else contained herein, the following Persons, in such capacity, shall have no right to, and shall not, vote at the Meeting: (i) Unaffected Creditors, (ii) holders of Affected Claims in respect of which a Proof of Claim has not been filed in accordance with the Claims Procedure Order; and (iii) any other Person asserting Claims against the Applicants whose Claims do not constitute Affected Claims on the Voting Record Date.

#### **APPROVAL OF THE PLAN**

37. The Plan must receive an affirmative vote of the Required Majority in order to be approved by the Affected Creditors.

38. The result of any vote at the Meeting shall be binding on all Affected Creditors, regardless of whether such Affected Creditor was present at or voted at the Meeting, or was entitled to be present or vote at the Meeting.

#### **PLAN SANCTION**

39. The Monitor shall report to the Court the results of any votes taken at the Meeting as soon as reasonably practicable after the Meeting (or any adjournment thereof).
40. The Applicants may apply to the Court at 11:00 a.m. Calgary time on the Sanction Hearing Date for the Sanction Order (the "**Sanction Hearing**").
41. Service of this Meeting Order by the Monitor or the Applicants to the parties on the Service List shall constitute good and sufficient service of notice of the Sanction Hearing on all Persons entitled to receive such service and no other form of notice or service need be made and no other materials need be served in respect of the Sanction Hearing, except that, subject to paragraph 39, any party shall also serve the Service List with any additional materials that it intends to use in support of the Sanction Hearing by no later than 4:00 p.m. (Calgary time) on December 14, 2016.
42. Any Person who wishes to oppose the Sanction Hearing shall serve on the Applicants, the Monitor and the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the Sanction Hearing by no later than 4:00 p.m. (Calgary time) on December 14, 2016.

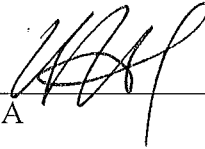
#### **MISCELLANEOUS**

43. Nothing in this Meeting Order (including the acceptance or determination of any Claim, or any part thereof, as a Voting Claim in accordance with this Meeting Order) has the effect of determining Allowed Claims for purposes of the Plan.
44. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body have jurisdiction in Canada or the United States, or in any other foreign jurisdiction, to give effect to this Meeting Order and to assist the Applicants, or any of them, the Monitor and their respective agents in carrying out the terms of this Meeting Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully

requested to make such orders and to provide such assistance to the Applicants, or any of them, and to the Monitor, as an office of the Court, as may be necessary or desirable to give effect to this Meeting Order, or to assist the Applicants, or any of them, and the Monitor and their respective agents in carrying out the terms of this Meeting Order.

45. The Applicants or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Meeting Order or for advice and direction concerning the discharge of their respective powers and duties under this Meeting Order or the interpretation or application of this Meeting Order.

J.C.Q.B.A

A handwritten signature in black ink, appearing to be 'J.C.Q.B.A.', is written over a horizontal line. The signature is stylized and cursive.

**SCHEDULE "A"**  
**AFFECTED CREDITORS' PROXY**

**AFFECTED CREDITOR'S PROXY**

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

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

---

**AFFECTED CREDITOR'S PROXY**

---

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement of the Applicants dated as of November 7, 2016 (as may be amended, restated or supplemented from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Court of Queen's Bench of Alberta (the "**Court**").

In accordance with the Meeting Order and the Plan, this proxy may only be filed by Affected Creditors having a Voting Claim (an "**Eligible Voting Creditor**").

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints:

**Deryk Helkaa of FTI Consulting Canada Inc., in its capacity as Monitor of the Debtors, and not in its personal capacity, or his nominee**

or, instead of the foregoing, \_\_\_\_\_, or such other Person as he/she, in his/her sole discretion, may designate to attend on behalf of and act for the Eligible Voting Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting, and to vote the amount of the Eligible Voting Creditor's claim(s) for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order, Claims Procedure Order and set out in the Plan as follows:

1. (mark one only):

Vote **FOR** approval of the Plan; or

Vote **AGAINST** approval of the Plan.

If this proxy is submitted and a box is not marked as a vote for or against approval of the Plan, this proxy shall be voted **FOR** approval of the Plan.



- and -

2. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Eligible Voting Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meetings or any adjournment, postponement or other rescheduling of the Meetings.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Print Name of Eligible Voting Creditor

\_\_\_\_\_  
Title of the authorized signing officer of the corporation, partnership or trust, if applicable

\_\_\_\_\_  
Signature of Eligible Voting Creditor or, if the Eligible Voting Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

\_\_\_\_\_  
Telephone number of Eligible Voting Creditor or authorized signing officer

\_\_\_\_\_  
Mailing Address of Eligible Voting Creditor

\_\_\_\_\_  
E-mail address of Eligible Voting Creditor

\_\_\_\_\_  
Print Name of Witness, if Eligible Voting Creditor is an individual

## INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Affected Creditor has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on the Affected Creditor's behalf and such right may be exercised by inserting in the space provided the name of the person to be appointed. An individual Affected Creditor wishing to attend and vote in person at the Meeting should insert the Affected Creditor's own name in the space provided. **If no name has been inserted in the space provided, the Affected Creditor will be deemed to have appointed Deryck Helkaa of FTI Consulting Canada Inc. (or his designee) as the Affected Creditor's proxyholder.**
2. **If Deryck Helkaa (or his designee) is appointed or deemed to be appointed as proxyholder and the Affected Creditor fails to indicate on this Proxy a vote for or against the approval of the Plan, this Proxy will be voted FOR approval of the Plan.**
3. If this Proxy is not dated in the space provided, it will be deemed to bear the date on which it is received by the Monitor.
4. This Proxy must be signed by the Affected Creditor or by the Affected Creditor's attorney duly authorized in writing or, if the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation specifying the title of such officer or attorney.
5. Valid proxies bearing or deemed to bear a later date will revoke this Proxy. If more than one valid proxy for the same Affected Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.
6. This Proxy must be received by the Monitor by no later than 3:00 p.m. (Calgary time) on the last Business Day before the Meetings or any adjournment thereof, at the address set out below:

**FTI Consulting, Inc.**

Monitor of Quicksilver Resources Canada Inc., et al

Suite 720, 440 – 2nd Avenue S.W.

Calgary, Alberta T2P 5E9

Attention: Ms. Lindsay Shierman  
Fax: 403-232-6116  
Phone: 403-454-6036  
Email: [lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com)

**SCHEDULE "B"**

**NOTICE TO AFFECTED CREDITORS**

**NOTICE TO AFFECTED CREDITORS**

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

**IN THE MATTER OF THE BUSINESS CORPORATIONS ACT,  
R.S.A. 2000, c. B-9, AS AMENDED**

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

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**NOTICE IS HEREBY GIVEN** that meeting (the "**Meeting**") of creditors of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**") and 0942065 B.C. Ltd. (collectively, the "**Quicksilver Canada Entities**"), entitled to vote on a Plan of Compromise and Arrangement (the "**Plan**") proposed by the Applicants under the *Companies Creditors' Arrangement Act* (the "**CCAA**") will be held for the following purposes:

- (1) to consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and
- (2) to transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meeting is being held pursuant to an order of the Court of Queen's Bench of Alberta (the "**Court**") dated November 17, 2016 (the "**Meeting Order**"). All capitalized terms used but not defined herein shall bear their meanings as set out in the Meeting Order or the Plan.

**NOTICE IS ALSO HEREBY GIVEN** that the Meeting Order established the procedures for the Quicksilver Canada Entities to call, hold and conduct the Meeting to consider and pass resolutions, if thought advisable, approving the Plan and to transact such other business as may be properly brought before the Meeting. For the purposes of considering and voting on the Plan, there will be one (1) meeting as follows:

- (1) a meeting of all of the Affected Creditors of the Quicksilver Canada Entities, where all such Affected Creditors shall constitute a single class ("**Meeting**").

**NOTICE IS ALSO HEREBY GIVEN** that the Meetings will be held at the following dates, times and location:

Date: December 13, 2016

Time: 10:00 a.m. (Calgary time)

Location: Bennett Jones LLP, 4500 Bankers Hall East, 855 - 2<sup>nd</sup> Street S.W., Calgary, Alberta

Subject to paragraph 24 of the Meeting Order, only Affected Creditors with Voting Claims as at the Voting Record Date will be eligible to attend the Meeting and vote on a resolution to approve

the Plan. The votes of Affected Creditors holding Disputed Claims will be separately tabulated and Disputed Claims will not be counted unless, until and only to the extent that such Disputed Claim is finally determined to be a Voting Claim. A holder of an Unaffected Claim shall not be entitled to attend or vote at the Meeting in respect of such Unaffected Claim.

Any Affected Creditor may vote by proxy, subject to the terms of the Meeting Order. Further, any Affected Creditor who is not an individual may only attend and vote at the Meeting if a proxy holder has been appointed to act on its behalf at such Meeting.

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved at the Meeting in accordance with the Meeting Order and the Plan and all other necessary conditions are met, the Quicksilver Canada Entities intend to make an application to the Court at 11:00 a.m. Calgary time on December 15, 2016, seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for the Quicksilver Canada Entities, the Monitor as well as those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 4:00 p.m. (Calgary time) on December 14, 2016.

**NOTICE IS ALSO HEREBY GIVEN** that in order for the Plan to become effective:

- i. the Plan must be approved by the required majority of Affected Creditors entitled to vote and voting on the Plan as required under the CCAA and in accordance with the terms of the Meeting Order and the Plan;
- ii. the Plan must be sanctioned by the Court; and
- iii. the conditions to implementation and effectiveness of the Plan as set out in the Plan must be satisfied or waived.

Additional copies of the Affected Creditor Meeting Materials may be obtained from the Monitor's Website at <http://cfcanada.fticonsulting.com/qrci/>, or by contacting the Monitor by telephone at 403-454-6036 or by email at [lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com).

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meeting Order.

**DATED** at Calgary, Alberta, this 17<sup>th</sup> day of November, 2016.

## Appendix D

### Affected Creditors' Proxy

**AFFECTED CREDITOR'S PROXY**

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

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

---

**AFFECTED CREDITOR'S PROXY**

---

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement of the Applicants dated as of November 7, 2016 (as may be amended, restated or supplemented from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Court of Queen's Bench of Alberta (the "**Court**").

In accordance with the Meeting Order and the Plan, this proxy may only be filed by Affected Creditors having a Voting Claim (an "**Eligible Voting Creditor**").

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints:

**Deryck Helkaa of FTI Consulting Canada Inc., in its capacity as Monitor of the Debtors, and not in its personal capacity, or his nominee**

or, instead of the foregoing, \_\_\_\_\_, or such other Person as he/she, in his/her sole discretion, may designate to attend on behalf of and act for the Eligible Voting Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting, and to vote the amount of the Eligible Voting Creditor's claim(s) for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order, Claims Procedure Order and set out in the Plan as follows:

1. (mark one only):
  - Vote **FOR** approval of the Plan; or
  - Vote **AGAINST** approval of the Plan.

If this proxy is submitted and a box is not marked as a vote for or against approval of the Plan, this proxy shall be voted **FOR** approval of the Plan.

- and -

2. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Eligible Voting Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meetings or any adjournment, postponement or other rescheduling of the Meetings.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Print Name of Eligible Voting Creditor

\_\_\_\_\_  
Title of the authorized signing officer of the corporation, partnership or trust, if applicable

\_\_\_\_\_  
Signature of Eligible Voting Creditor or, if the Eligible Voting Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

\_\_\_\_\_  
Telephone number of Eligible Voting Creditor or authorized signing officer

\_\_\_\_\_  
Mailing Address of Eligible Voting Creditor

\_\_\_\_\_  
E-mail address of Eligible Voting Creditor

\_\_\_\_\_  
Print Name of Witness, if Eligible Voting Creditor is an individual



## **INSTRUCTIONS FOR COMPLETION OF PROXY**

1. Each Affected Creditor has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on the Affected Creditor's behalf and such right may be exercised by inserting in the space provided the name of the person to be appointed. An individual Affected Creditor wishing to attend and vote in person at the Meeting should insert the Affected Creditor's own name in the space provided. **If no name has been inserted in the space provided, the Affected Creditor will be deemed to have appointed Deryck Helkaa of FTI Consulting Canada Inc. (or his designee) as the Affected Creditor's proxyholder.**
2. **If Deryck Helkaa (or his designee) is appointed or deemed to be appointed as proxyholder and the Affected Creditor fails to indicate on this Proxy a vote for or against the approval of the Plan, this Proxy will be voted FOR approval of the Plan.**
3. If this Proxy is not dated in the space provided, it will be deemed to bear the date on which it is received by the Monitor.
4. This Proxy must be signed by the Affected Creditor or by the Affected Creditor's attorney duly authorized in writing or, if the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation specifying the title of such officer or attorney.
5. Valid proxies bearing or deemed to bear a later date will revoke this Proxy. If more than one valid proxy for the same Affected Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.
6. This Proxy must be received by the Monitor by no later than 3:00 p.m. (Calgary time) on the last Business Day before the Meetings or any adjournment thereof, at the address set out below:

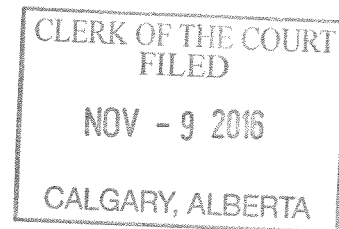
**FTI Consulting, Inc.**

Monitor of Quicksilver Resources Canada Inc., et al  
Suite 720, 440 – 2nd Avenue S.W.  
Calgary, Alberta T2P 5E9

Attention: Ms. Lindsay Shierman  
Fax: 403-232-6116  
Phone: 403-454-6036  
Email [lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com)

## Appendix E

### Monitor's 8<sup>th</sup> Report



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 A PLAN OF COMPROMISE  
OR ARRANGEMENT OF QUICKSILVER RESOURCES  
CANADA INC., 0942065 B.C. LTD., and 0942069 B.C. LTD.

DOCUMENT **EIGHTH REPORT OF FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS MONITOR OF  
QUICKSILVER RESOURCES CANADA INC., 0942065  
B.C. LTD., and 0942069 B.C. LTD.**

November 9, 2016

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MONITOR**

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## INTRODUCTION

1. On March 8, 2016 Quicksilver Resources Canada Inc. (“QRCI”), 0942065 B.C. Ltd. (“LNG Co”), and 0942069 B.C. Ltd. (“LNG Subco”) (collectively the “Applicants”) sought and obtained protection under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to an order granted by this Honourable Court (the "Initial Order"). Note LNG Subco has been sold and accordingly LNG Co and QRCI (collectively the “**Plan Applicants**”) are the remaining parties subject to this application and the Plan.
2. The Initial Order granted, *inter alia*, a stay of proceedings against the Applicants until April 7, 2016, (the "Initial Stay Period") and appointed FTI Consulting Canada Inc. (“FTI”) as Monitor (the “Monitor”). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the CCAA proceedings (the “CCAA Proceedings”).
3. On March 29, 2016, this Honourable Court granted a sale approval and vesting order which, *inter alia*, approved the transaction contemplated by the asset purchase agreement for the Applicants’ Horseshoe Canyon Assets.
4. On April 5, 2016, this Honourable Court granted an order which, *inter alia*, extended the stay of proceedings provided in the Initial Order until and including June 2, 2016 and authorized the Applicants to distribute the net proceeds from the sale of the Horseshoe Canyon Assets to the JP Morgan, the senior secured creditor.
5. On April 22, 2016, this Honourable Court granted the following Orders:
  - (a) a sale approval and vesting order which, *inter alia*, approved the transaction contemplated by the asset purchase agreement for the Applicants' Horn River Assets;

- (b) a sale approval and vesting order which, *inter alia*, approved the transaction contemplated by the asset purchase agreement for the LNG Facility; and
  - (c) an order, which *inter alia*, approved the distribution of sale proceeds to the Secured Creditor.
- 6. The Horn River Assets, LNG Facility and Horseshoe Canyon Assets comprise the majority of all the assets of the Applicant (other than miscellaneous receivables and other recoveries). All the proceeds have been received by the Applicants and certain of the proceeds have been distributed to the Secured Creditor to repay the Secured Creditor in full. The remaining net proceeds are being held pending the implementation of a plan of compromise and arrangement, as discussed below in further detail.
- 7. On May 26, 2016 this Honourable Court extended the Stay Period until August 5, 2016 and authorized QRCI to commence a claims process as further set out in the Claims Procedure Order.
- 8. On June 28, 2016 this Honourable Court granted two orders which, among other things;
  - (a) authorized QRCI, by way of shareholder resolution, to assign MMI into bankruptcy;
  - (b) extended the Claims Bar Date to August 5, 2016 for the Partnership to submit a claim against QRCI if required;
  - (c) authorized QRCI to pay certain amounts to the OGC and grant a first ranking priority charge in favor of QRCI to secure the amount of this payment over the assets of the Partnership; and

- (d) approved of the appointment of Representative Counsel for all employees of QRCI who have been terminated in these proceedings and not rehired by CPC Resources (“Represented Employees”), approved the funding of the Representative Counsel by QRCI and extended the Claims Bar Date to August 5, 2016 for Representative Counsel to submit a claim on behalf of the Represented Employees.
9. On August 15, 2016 this Honourable Court granted an order extending the Stay Period until September 30, 2016.
10. On September 26, 2016 this Honourable Court granted an order extending the Stay Period until November 30, 2016 (“**Fourth Stay Extension**”).

## **PURPOSE**

11. The purpose of this report (the “Eighth Report”) is to provide this Honourable Court with the Monitor’s analysis and comments with respect to:
- (a) the activities of the Plan Applicants since the Monitor’s Seventh Report dated September 21, 2016, including its budget to actual cash receipts and disbursements for the period September 17, 2016 to November 4, 2016;
  - (b) the Plan Applicants’ revised cash flow forecast for the period November 5, 2016 to March 3, 2017;
  - (c) The Plan Applicants’ request for an Order approving a settlement agreement between the QRCI and the Represented Employees;
  - (d) The Plan Applicants’ request for amendments to the representation Order granted by this Honourable Court on June 28, 2016 (“**Representation Order**”).

- (e) An overview of the Plan Applicants' proposed plan of compromise and arrangement ("**Plan**");
  - (f) The Monitor's commentary in respect of the Plan and request for an order ("**Meeting Order**") authorizing the Plan Applicants to conduct a meeting to present the Plan to Affected Creditors and seek approval by having Affected Creditors vote on the Plan; and
  - (g) the Plan Applicants' request for an extension of the Stay Period until and including February 28, 2017 (the "**Fifth Stay Extension**").
12. Further background and information regarding the Applicants and these CCAA proceedings can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/qrci/>.

#### **TERMS OF REFERENCE**

13. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicants' books and records, certain financial information prepared by the Applicants and discussions with the Applicants' management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

15. This report should be read in conjunction with the affidavit of Mr. Bob McGregor sworn on November 7, 2016 (the “**McGregor November 7<sup>th</sup> Affidavit**”), the confidential affidavit of Mr. Bob McGregor sworn on November 7, 2016 (“**Confidential Affidavit**”) and the Plan Applicants’ application materials filed concurrently with the McGregor November 7<sup>th</sup> Affidavit.
16. Capitalized terms not otherwise defined herein have the meaning given to them in the previous reports of the Monitor, the Plan or the Meeting Order.

### **ACTIVITIES OF THE APPLICANTS**

17. Since the date of the Seventh Report, the Plan Applicants have cooperated with the Monitor to facilitate its monitoring of the Plan Applicants' business and operations. The Plan Applicants, in consultation with the Monitor, have worked on the following tasks:
  - (a) drafted a Plan that will allow for an efficient method for distributing, to the Plan Applicants Affected Creditors, the net proceeds that were generated from selling the assets of the Plan Applicants;



- (b) the Monitor, in consultation with the Plan Applicants and respective counsel, have held further discussions with Miles Davison LLP as representative counsel ("**Representative Counsel**") for the Represented Employees. Previously the Plan Applicants had reported to this Honourable Court that it had reached an agreement in principle with the Represented Employees. The Monitor confirms that discussions continued in a productive manner and a settlement and support agreement dated November 4, 2016 ("**Settlement Agreement**") between the QRCI and the Represented Employees has been finalized. The Settlement Agreement (except for Schedule "A" thereto) has been attached as Exhibit "1" to the McGregor November 7<sup>th</sup> Affidavit and Schedule "A" thereto has been attached as Exhibit "1" to the Confidential Affidavit; and
- (c) operated and managed the Plan Applicants' business as required and continued to take steps to wind-down operations, including attempting to finalize the final statement of adjustments for the Alberta asset sale and collect various tax refunds that the Applicants believe they are entitled to.

## CASH FLOW BUDGET TO ACTUAL

18. The table below provides a summary of the Plan Applicants' actual receipts and disbursements for the period of September 17, 2016 to November 4, 2016 (the "Reporting Period") as compared to the cash flow projection previously provided to this Honourable Court in the Monitor's Seventh Report.

<i>September 17 to November 4, 2016</i>			
<i>CAD\$</i>	Forecast	Actual	Variance
<b>Cash - Beginning of Reporting Period</b>	19,496,719	19,496,719	-
<b>Receipts</b>			
Gas Sales	-	-	-
Joint Venture Receivable	45,000	29,138	(15,862)
Other	1,600,000	679,595	(920,405)
<b>Total Receipts</b>	<b>1,633,650</b>	<b>708,733</b>	<b>(924,917)</b>
<b>Disbursements</b>			
Operating Expense	200,000	136,648	(63,352)
Payroll	185,000	90,770	(94,230)
G&A	365,380	17,949	(347,431)
Professional Fees	155,000	217,289	62,289
Tax/Other	289,000	222,548	(66,452)
<b>Total Disbursements</b>	<b>1,092,383</b>	<b>685,205</b>	<b>(407,178)</b>
<b>Change in Cash</b>	<b>541,267</b>	<b>23,528</b>	<b>(517,739)</b>
<b>Cash - End of Reporting Period</b>	<b>20,037,986</b>	<b>19,520,247</b>	<b>(517,739)</b>

19. The Plan Applicants' forecast cash receipts during the Reporting Period totaled approximately \$708,733, as compared to actual receipts of \$1,633,650.
- (a) Joint venture receivables were \$15,862 under budget primarily due to timing as the related receivables were not collected as anticipated, the Applicant is still working to collect the remaining receivables; and

- (b) Other receipts were \$920,405 less than budget. This variance was mainly a result of a negative variance of \$1,600,000 related to non-receipt of a refund payment that was expected to be received from Canada Revenue Agency for GST ITC during the Reporting Period; this payment is now expected to be received in December. The \$1,600,000 negative variance was offset by a \$675,000 positive variance related to a realized foreign exchange gain that resulted from the Applicants converting all U.S. dollar denominated cash into Canadian dollars, this gain was not included in the previous forecast.
20. The Plan Applicants' actual cash disbursements during the Reporting Period totaled approximately \$685,205, as compared to the forecast of \$1,092,383. The cash disbursements variance relates to lower than expected cash disbursements mainly resulting from timing:
- (c) Operating expenses were \$63,352 lower than forecast primarily due to timing of payments outstanding to joint venture partners, the Plan Applicants expect these amounts to reverse as final joint venture billings are reconciled;
- (d) Payroll was \$94,230 less than forecast due to continued reduction of payroll expenses;
- (e) General and administrative expenses were \$347,431 less than forecast due to delayed timing of expect settlement payment to Represented Employees;
- (f) Professional fees were \$62,289 greater than forecast due to catch up of accrued but unpaid professional fees that had been erroneously omitted from previous forecast; and

- (g) Taxes and other items were \$66,452 lower than forecasted due final adjustment related to the B.C. asset sales being less than originally estimated.
21. Actual ending cash as at November 4, 2016 was \$19,520,247 as compared to the forecast ending cash balance of \$20,037,986, due to the variances discussed above.

## REVISED CASH FLOW FORECAST

22. The Plan Applicants, in consultation with the Monitor, have prepared a revised weekly cash flow forecast (the “**Cash Flow Forecast**”) for the 17 week period November 5, 2016 to March 3, 2017 covering the requested Fifth Stay Extension period. A copy of the Cash Flow Forecast on a weekly basis and the major assumptions made by the Plan Applicants is attached as Appendix A.
23. A summary of the Cash Flow Forecast is presented in the table below.

Cash Flow Forecast (\$ CAD)	TOTAL
<b>Opening Cash</b>	<b>\$ 19,520,247</b>
<b>Cash Receipts</b>	
Gas Sales	-
Joint Venture Receivable	115,000
Other	-
<b>Total - Operating Receipts</b>	<b>115,000</b>
<b>Cash Disbursements</b>	
Royalty Expense	-
Operating Expense	87,000
Payroll	355,000
G&A	750,000
Professional Fees	350,000
<b>Total - Operating Disbursements</b>	<b>1,542,000</b>
<b>Total Net Cash Flow</b>	<b><u>(1,427,000)</u></b>
<b>Ending cash</b>	<b><u>\$ 18,093,247</u></b>

24. The Cash Flow Forecast indicates the following for the Fifth Stay Extension:
- (a) total cash receipts of \$115,000 related to expected collection of joint venture receivables.;
  - (b) total cash disbursements of \$1,542,000 mainly related to:
    - i. final payment of remaining operating expenses,
    - ii. payroll for staff required to assist in implementing the Plan and ongoing wind-down initiatives,
    - iii. G&A related to wind-down initiatives which includes a provision for a payment to the Represented Employees if the Settlement Agreement is approved by this Honourable Court; and
    - iv. disbursements relating to the accrued unpaid professional fees and estimated future professional fees to complete the proposed Plan and wind-down the initiatives.
25. The Monitor notes that the Cash Flow Forecast indicates the Plan Applicants will have sufficient funds available to fund its operations during the requested Fifth Stay Extension.

26. The Monitor has reviewed the assumptions supporting the Cash Flow Forecast and is of the view that the assumptions are reasonable. Note the Cash Flow Forecast does not include distributions under the plan. If the Plan is approved by the Affected Creditors and implemented the Plan Applicants in consultation with the Monitor would provide for the Administrative Reserve and the Disputed Claims Reserve according to the Plan and any additional funds would be distributed to the Affected Creditors by way of Initial Distribution. See paragraph 36 for illustrative Initial Distributions under the Plan and amounts estimated to be withheld for the Administrative Reserve and Disputed Claims Reserve.

### **SETTLEMENT ORDER AND AMENDMENT TO REPRESENTATION ORDER**

27. The Represented Employees asserted claims totaling \$9,748,560 (“**Settled Claims**”) that comprised both pre-filing and post-filing claims against the Applicants and their directors and officers, and included claims for priority, pursuant to which the Represented Employees asserted priority status over the claims of all unsecured creditors of the Plan Applicants. As discussed in the Monitor’s Seventh Report, the Plan Applicants’, in consultation with the Monitor, have been negotiating a settlement agreement with the Represented Employees.
28. The Monitor reports that a Settlement Agreement has been finalized and signed by QRCI, the Represented Employees and the Monitor. The Plan Applicants are seeking an order (“**Sealing Order**”) sealing the contents of the Confidential Affidavit as it contains sensitive personal information about the individuals in the Represented Employees, from which individual compensation levels of Represented Employees could be derived. Accordingly, the Monitor supports the Plan Applicants’ request for the Sealing Order. The Monitor has the following comments with respect to the Settlement Agreement:

- (a) The Settlement Agreement was reached as a result of productive discussions between the Plan Applicants, the Monitor and the Steering Committee for the Represented Employees and their respective counsel;
  - (b) The Settlement Agreement was negotiated in good faith and at arm's length;
  - (c) The Settlement Agreement achieves the settlement of the Settled Claims in exchange for a total payment by QRCI to the Represented Employees of \$450,000 (\$325,000 by way of settlement payment and the remaining by way of distribution under the Plan); and
  - (d) The Settlement Agreement requires the Represented Employees to vote in favour of the Plan.
29. The Monitor supports the Settlement Agreement and is of the view that the Settlement Agreement is beneficial to all of the Applicants' stakeholders as it provides for a timely and efficient resolution to the Settled Claims and allows the Plan Applicants' to advance their Plan without ongoing disputes. Accordingly the Monitor recommends approval of the Plan Applicants request for the Settlement Order.
30. In connection with the Settlement Agreement the Monitor understands that the Plan Applicants are seeking an amendment to the Representation Order, increasing the maximum fees of Representative Counsel from \$50,000 to \$75,000. The Monitor is of the view that the requested increase is fair and reasonable, given the Representative Counsel has been acting in good faith working to finalize the Settlement Agreement. Accordingly the Monitor recommends approval of the requested amendment to the Representation Order.

## PLAN OF COMPROMISE AND ARRANGEMENT

### Overview of Plan

31. The Plan Applicants are seeking approval to conduct a meeting of creditors for the purposes of voting on and approving the Plan. A copy of the Plan is attached as Exhibit "2" to the McGregor November 7<sup>th</sup> Affidavit. The following provides a summary of the high-level aspects of the Plan; however stakeholders are encouraged to review the Plan for full details.
  
32. As previously reported to this Honourable Court, the Applicants have sold all of their oil and gas assets. The proceeds from the sale of the Applicants' assets were previously used to repay the senior secured creditor in full and pay for goods and services provided to the Applicants throughout the CCAA Proceedings. After making these payments the Applicants anticipated having funds remaining for distribution to their unsecured creditors ("**Available Funds**") and accordingly obtained authorization to complete a claims process ("**Claims Process**") according to the Claims Procedure Order to determine the quantum of claims against the Applicants and its directors/officers. The overall purpose of the Plan is to provide an efficient timely distribution of the Available Funds to the Plan Applicants' affected creditors as determined by the Claims Process.

### Class of creditors

33. The Plan contemplates a single class of creditors (the "**Unsecured Creditor Class**") The Unsecured Creditor Class is made up of affected creditors (the "**Affected Creditors**") who are all creditors holding valid proven unsecured claims against the Applicants. The Affected Creditors were determined as a result of the Claims Process undertaken by the Applicants. The Monitor notes that all claims accepted by the Applicants are unsecured claims and there are currently no disputed claims.



34. The Plan designates certain claims against the Applicants as unaffected claims ("**Unaffected Claims**"). Holders of Unaffected Claims will be paid in the ordinary course, will not be entitled to vote on the Plan and will not receive any distribution under the Plan. The Unaffected Claims are:
- (a) claims secured by charges granted in Orders in these CCAA proceedings;
  - (b) claims enumerated in sections 5.1(2) and 19(2) of the CCAA;
  - (c) Post-Filing Trade Payables;
  - (d) Government Priority Claims; and
  - (e) Employee Priority Claims.

#### **Available Funds**

35. The Available Funds shall be determined based on the total funds available at the Plan Implementation Date less amounts required for administration of the Plan and wind-down of the estate (the "**Administrative Reserve**") and amounts held back for disputed claims (the "**Disputed Claim Reserve**"). At the current time there are no disputed claims and therefore it is anticipated that the Disputed Claim Reserve will be nil.

36. The Administrative Reserve shall be determined by the Plan Applicants in consultation with the Monitor three business days prior to the Plan Implementation Date and is meant to include an amount to be held back to make the payments required by the Settlement Agreement. The Monitor has provided a table below outlining the estimated Administrative Reserve, the estimated Disputed Claim Reserve, the estimated Available Funds and the estimated total Affected Claims of the Unsecured Creditor Class. This table has been provided for illustrative purposes, the Monitor notes that all of the amounts outlined below are subject to change prior to the Plan Implementation Date and is based on information currently available to the Plan Applicants and the Monitor.

<b>Illustrative Cash Reserves and Initial Distribution</b>	
Estimated Cash available at Plan Implementation Date (assume Dec 31/16)	\$ 19,168,247
Cash held back for estimated Administrative Reserve	(1,075,000)
Cash held back for estimated Disputed Claims Reserve	-
Estimated Available Funds for Initial Distribution	<b>18,093,247</b>
Total Affected Claims of Unsecured Creditor Class	820,904,793
Approximate Initial Distribution as % of Affected Claims	2.2%

37. The Monitor notes that there are various large additional potential cash recoveries that the Plan Applicants continue to work on collecting. The following potential additional recoveries are no included in the table above or the Cash Flow Forecast and if recovered would result in additional distributions to the Affected Creditors after the Initial Distribution:

- (a) Tax refunds related to GST and withholding taxes. The tax refunds are currently estimated to be approximately \$1.5 million (“**Potential Tax Refund**”) however the refunds are currently under review with the Canada Revenue Agency (“**CRA**”) and the amount may change materially depending on the results of the CRA’s review.
  
- (b) Final statement of adjustments related to the Alberta Horseshoe Canyon asset sales. QRCI is currently negotiating the final statement of adjustments with the purchaser, CPC Resources ULC (“**CPC**”). Currently QRCI is of the view that they are owed approximately \$3.0 million (“**Alberta Asset Sale Adjustment Amount**”) from CPC related to the final statement of adjustments. CPC is currently disputing this amount and the two parties are in the process of engaging an independent third party accountant, Collins Barrow Calgary LLP to assist in settling the dispute.

- (c) By way of background QRCI has a wholly-owned subsidiary known as Makarios Midstream Inc. (“**MMI**”). MMI’s only asset is a 50% partnership interest in the Fortune Creek Gathering & Processing Partnership (“**Partnership**”). As more fully described in the Monitor’s Fifth Report dated June 23, 2016 QRCI paid \$599,400 (“**OGCBC Payment**”) to the Oil and Gas Commission of British Columbia (“**OGCBC**”) on behalf of the Partnership and to secure repayment of that amount, this Honourable Court ordered that QRCI would have a first-ranking priority charge over the assets of the Partnership. QRCI also paid property taxes in the amount of \$218,298 (“**Partnership Property Tax Payment**”) related to the Partnership’s assets on behalf of the Partnership. As discussed above the Partnership and MMI filed for bankruptcy and MNP was appointed as Trustee in bankruptcy over the Partnership and MMI. QRCI has filed a proof of claim with MNP related to the OGCBC Payment and the Partnership Property Tax Payment. The Monitor understands that MNP has recently obtained Court approval for the sale of the Partnership’s assets and that the proceeds from this sale, if/when it closes, will be sufficient to repay the OGCBC Payment and the Partnership Property Tax Payment in full. The Monitor expects these recoveries once received to be distributed to the Affected Creditors however; the amounts have not been included in the Initial Distribution table above as it is uncertain whether recoveries will occur prior to the Plan Implementation Date.
- (d) The Monitor understands from discussions with management that QRCI, through its 100% ownership of MMI, and MMI’s 50% interest in the Partnership may have claim to certain proceeds (“**Potential MMI Recoveries**”) that are generated through the bankruptcy of the Partnership, including any dividend the Partnership receives pursuant to its claim as an Affected Creditor pursuant to the Plan.

38. The Potential Tax Refund, the Alberta Asset Sale Adjustment Amount, OGCBC Payment, the Partnership Property Tax Payment and any Potential MMI Recoveries have not been included in the Cash Flow Forecast nor the illustrative Available Funds for initial distribution above as they are not certain at this time. The Monitor notes that Plan Applicants continue to work on collecting these amounts and they represent two potential future recoveries that if collected would have the largest impact on additional distributions to the Affected Creditors.

### **Distribution**

39. The Plan contemplates an initial distribution of the Available Funds to the Affected Creditors based on each Affected Creditor's *pro rata* share of total amount owing to all Affected Creditors.
40. If additional funds become available for distribution to Affected Creditors after the Initial Distribution Date the Plan provides a mechanism for the Applicants to make additional *prorata* distributions as frequently as the Monitor directs.

### **Releases**

41. The Plan provides for releases on the Plan Implementation Date in favour of various parties including:
- (e) The Quicksilver Canada Entities and their respective Directors, Officers, current and former employees, advisors, legal counsel and agents (collectively the “**Quicksilver Canada Released Party**”); and
  - (f) The Monitor and its current and former directors, officers and employees, legal counsel and agents (collectively the “**Monitor Released Party**”).

## **Voting**

42. Each Affected Creditor in the Unsecured Creditors' Class who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Procedure Order, the Meeting Order, the Plan and the CCAA, shall be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim.
  
43. Quicksilver Resources Inc. ("**QRI**") the parent company of QRCI has filed a proof of claim asserting a claim for unsecured inter-company debt. This claim has been accepted by the Monitor as an Affected Claim. The Monitor notes that section 22.(3) of the CCAA states that related creditors are allowed to vote against but not in favour of the Plan. The Monitor has been informed by QRCI that, pursuant to QRI's Chapter 11 plan of liquidation, the right to vote such claim resides with the Trustee under the liquidating trust established pursuant to QRI's Chapter 11 plan for the benefit of QRI's creditors.

## **Creditors' Meetings**

44. The Plan Applicants are seeking authorization to call and hold the Creditors' Meeting on December 13, 2016, to allow the Affected Creditors to vote in respect of the Plan. The only Persons entitled to attend the Creditors' Meeting shall be representatives of the Plan Applicants and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors and Affected Creditors, including the holders of Proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors.

## Notice to Creditors

45. The proposed Meeting Order outlines how Affected Creditors will be given notice of the Meeting. Notice to Affected Creditors will be provided by the Monitor within one business day of the granting of the Meeting Order. The notice will be provided by way of courier, personal delivery or e-mail to Affected Creditors and will be posted on the Monitor's website. The Affected Creditors will be provided with the following:

- (a) the Notice to Affected Creditors;
- (b) the Plan;
- (c) the Meeting Order; and
- (d) a blank form of the Affected Creditors' Proxy.

(collectively "**Affected Creditor Meeting Materials**")

## Sanction Order

46. If the Required Majority of the Affected Creditors approves the Plan, the Applicants shall apply for the Sanction Order on or before December 15, 2016 or such later date as the Court may set.

## **MONITOR'S ANALYSIS OF THE PLAN AND MEETING ORDER**

47. The Monitor has reviewed and considered the Plan and Meeting Order and provides the following views.

### **Net realization of assets in the Plan versus liquidation**

48. The Applicants assets have all been monetized and the only assets remaining are in the form of cash or potential collections of receivables. The difference in net realization of cash between a liquidation scenario and a Plan is insignificant (ie. cash has the same value in liquidation as it does in the Plan). However, the Monitor notes that the Plan and Meeting Order contemplate an efficient distribution of the Available Funds to the Creditors and significant time and effort has already been incurred drafting the Plan, therefore the process costs associated with the Plan are likely less than incremental process costs if a liquidation were to be initiated including potential bankruptcy costs/levies. Lower process costs result in a higher distribution to Affected Creditors.

### **Notice to Affected Creditors**

49. The notice provisions contemplated in the Plan provide sufficient time and appropriate materials to allow Affected Creditors to attend the Creditors' Meeting and participate in voting either in person or by proxy;



## Releases

50. The Monitor is of the view that the releases provided to the Quicksilver Canada Released Parties and the Monitor Released Parties are consistent with the CCAA, do not compromise or extinguish claims identified in section 5.1(2) of the CCAA and are rationally connected to the Plan and the work undertaken by the Quicksilver Canada Released Parties and the Monitor Released Parties in the CCAA Proceedings. The Monitor supports the releases provided to all of the Quicksilver Canada Released Parties and the Monitor Released Parties as being fair, reasonable and appropriate in all of the circumstances.

## Distribution

51. The Plan and Meeting Order contemplate and efficient and timely distribution of the Available Funds to Affected Creditors and provide an appropriate mechanism to distribute additional funds that may become available to the Applicants Affected Creditors.

## Conditions Precedent

52. The Monitor notes that the Plan is subject to certain conditions precedent (“**Conditions Precedent**”) that must be satisfied or waived in order for the Plan to be implemented. The Monitor has reviewed and discussed the Conditions precedent with the Applicants and the Applicants’ counsel. The Monitor is informed by counsel to the Applicants that there are no Conditions Precedent that are within the Applicants’ control which remain outstanding that, as of the date of this Report, have no reasonable prospect of being satisfied. The Monitor will continue to monitor the status of the outstanding conditions precedent and provide further update regarding the same in a subsequent report.

## Conclusion on Plan

53. It is the Monitor's view that the Applicants pursued the Plan with due diligence and in good faith. The Monitor is satisfied that the Plan represents a timely and efficient mechanism to distribute the Available Funds to its Affected Creditors. Nothing has come to the attention of the Monitor that would suggest that the Applicants have not acted in compliance with the terms of the Initial Order, the Claims Procedure Order and /or the CCAA generally.
54. Based on the above the Monitor respectfully recommends that this Honourable Court approve the Plan and proposed Meeting Order. Furthermore, based on the above the Monitor would recommend the Affected Creditors vote in favour of the Plan.

## THE PLAN APPLICANTS REQUEST FOR AN EXTENSION TO THE STAY PERIOD

55. Pursuant to the Initial Order and extended by way of Order granted by this Honourable Court on September 26, 2016, the Stay Period has been extended until and including November 30, 2016. The Plan Applicants are seeking an extension of the Stay Period until and including February 28, 2017 (the "**Fifth Stay Extension**").
56. An extension of the stay period is necessary for the Plan Applicants to:
- (a) hold a meeting of creditors to vote on the Plan;
  - (b) if the Plan Applicants' creditors vote to accept the Plan, seek an Order sanctioning the Plan and then implementing the Plan;
  - (c) finalizing the monetization of all the remaining claims and assets of the Applicants; and

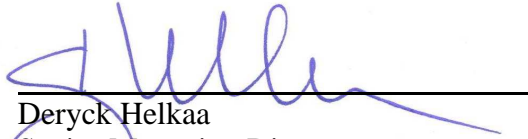
- (d) continue with wind-down initiatives.
57. In the Monitor's view, the Plan Applicants are acting in good faith and with due diligence during the CCAA Proceedings. The Monitor is of the view that the extension to the Stay Period is appropriate in the circumstances and therefore recommends that the Plan Applicants request for an extension to the Stay Period be granted to, and including, February 28, 2017.

## **CONCLUSIONS AND RECOMMENDATIONS**

58. The Monitor respectfully recommends that this Honourable Court approve:
- (a) The Plan Applicants' request for an Order:
    - i. approving the Settlement Agreement; and
    - ii. amending the June 28, 2016 Representation Order, by increasing the maximum amount payable to Representative Counsel in respect of its fees, from \$50,000 to \$75,000;
  - (b) The Plan Applicants' request for a Meeting Order authorizing the Applicants to file their Plan and conduct a meeting of their Affected Creditors to vote on the Plan, and to grant various relief related to such meeting and the Plan;
  - (c) The Plan Applicant's request for the Sealing Order; and
  - (d) the Plan Applicants' request for the Fifth Stay Extension.

All of which is respectfully submitted this 9<sup>th</sup> day of November, 2016.

FTI Consulting Canada Inc.  
in its capacity as the Court-Appointed Monitor  
of Quicksilver Resources Canada Inc.



Deryck Helkaa  
Senior Managing Director  
FTI Consulting Canada Inc.



Dustin Olver  
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# Appendix A

## Cash Flow Forecast & Assumptions

Quicksilver Resources Canada Inc.  
17 Week Cash Flow Forecast  
November 5, 2016 to March 3, 2017

Cash Flow Forecast (\$ CAD)	Week 1 11-Nov	Week 2 18-Nov	Week 3 25-Nov	Week 4 2-Dec	Week 5 9-Dec	Week 6 16-Dec	Week 7 23-Dec	Week 8 30-Dec	Week 9 6-Jan	Week 10 13-Jan	Week 11 20-Jan	Week 12 27-Jan	Week 13 3-Feb	Week 14 10-Feb	Week 15 17-Feb	Week 16 24-Feb	Week 17 3-Mar	TOTAL	Note	
Opening Cash	19,520,247	19,472,247	19,422,247	19,460,247	19,330,247	19,333,247	19,258,247	19,243,247	19,168,247	18,828,247	18,753,247	18,688,247	18,613,247	18,518,247	18,493,247	18,358,247	18,093,247	19,520,247	1	
<b>Cash Receipts</b>																				
Gas Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Joint Venture Receivable	47,000	-	50,000	-	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	115,000	2
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total - Operating Receipts</b>	<b>47,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,000</b>	
<b>Cash Disbursements</b>																				
Royalty Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating Expense	30,000	-	12,000	-	5,000	-	-	-	-	-	-	-	-	-	-	-	40,000	-	87,000	3
Payroll	30,000	-	-	25,000	-	25,000	-	25,000	-	25,000	-	25,000	80,000	25,000	70,000	25,000	-	-	355,000	4
G&A	15,000	-	-	25,000	10,000	50,000	15,000	-	340,000	-	15,000	50,000	15,000	-	15,000	200,000	-	-	750,000	5
Professional Fees	20,000	50,000	-	80,000	-	-	-	50,000	-	50,000	50,000	-	-	-	50,000	-	-	-	350,000	6
<b>Total - Operating Disbursements</b>	<b>95,000</b>	<b>50,000</b>	<b>12,000</b>	<b>130,000</b>	<b>15,000</b>	<b>75,000</b>	<b>15,000</b>	<b>75,000</b>	<b>340,000</b>	<b>75,000</b>	<b>65,000</b>	<b>75,000</b>	<b>95,000</b>	<b>25,000</b>	<b>135,000</b>	<b>265,000</b>	<b>-</b>	<b>-</b>	<b>1,542,000</b>	
<b>Total Net Cash Flow</b>	<b>(48,000)</b>	<b>(50,000)</b>	<b>38,000</b>	<b>(130,000)</b>	<b>3,000</b>	<b>(75,000)</b>	<b>(15,000)</b>	<b>(75,000)</b>	<b>(340,000)</b>	<b>(75,000)</b>	<b>(65,000)</b>	<b>(75,000)</b>	<b>(95,000)</b>	<b>(25,000)</b>	<b>(135,000)</b>	<b>(265,000)</b>	<b>-</b>	<b>(1,427,000)</b>		
Ending cash	19,472,247	19,422,247	19,460,247	19,330,247	19,333,247	19,258,247	19,243,247	19,168,247	18,828,247	18,753,247	18,688,247	18,613,247	18,518,247	18,493,247	18,358,247	18,093,247	18,093,247	18,093,247		

**Notes:**

Management of Quicksilver Resources Canada Inc. ("QRCI") has prepared this Projected Cash Flow Forecast solely for the purposes of determining the liquidity requirements of QRCI during the CCAA Proceedings. The Projected Cash Flow Forecast is based on the probable and hypothetical assumptions detailed in Notes 1 - 7. Consequently, actual results will likely vary from performance projected and such variations may be material.

- 1 - Opening Canadian dollar cash as at November 5th, 2016.
- 2 - Joint Venture Receivables relates to expected receipts from non-operated joint venture partner billings and refund of other deposits.
- 3 - Expected costs to resolve Joint Venture partner invoices for pre May costs and late invoices by 3rd party vendors for post March work
- 4 - Payroll relates to salaries of remaining QRCI employees that are assisting in the wind-down of operations, finalizing closing items related to asset sales and final accounting
- 5 - G&A includes costs associated with running the Company's head office and includes IT costs, regulatory costs, office lease costs, settlement with employee group, future offsite storage and retention for records, costs for arbitration for Alberta Asset Sale Adjustment recovery from CPC
- 6 - Professional/legal fees include fee estimates provided by the proposed monitor, the proposed monitors counsel and QRCI's counsel.