



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

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

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

DOCUMENT

**APPLICATION (Claims Procedure and Stay
Extension)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street SW
Calgary, Alberta T2P 4K7
Attention: Chris Simard/Kevin Zych

Telephone No.: 403-298-4485/416-777-5738
Fax No.: 403-265-7219
Client File No.: 39944.88

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the master/judge.

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

Date: Thursday, May 26, 2016
Time: 10:30 a.m.
Where: Calgary Courts Centre
601 – 5th Street SW, Calgary AB
Before Whom: The Honourable Mme. Justice K. M. Eidsvik
on the Commercial List

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

This Application is being made by Quicksilver Canada Resources Inc. ("**QRCI**") and 0942065 B.C. Ltd. ("**LNG Co**" and together with QRCI, the "**Applicants**"). All capitalized terms not otherwise defined in this Order are as defined in the Affidavit of J. David Rushford, sworn March 8, 2016 (the "**Rushford Affidavit No. 1**").

Remedy claimed or sought:

1. If necessary, an Order abridging the time for service of this Application and supporting materials and declaring service to be good and sufficient.
2. An Order further extending the stay of proceedings in this matter up to and including August 5, 2016.
3. An Order in substantially the form of the Claims Procedure Order attached hereto as Schedule "A", requiring the submission and adjudication of claims of the Applicants' creditors.
4. Such further and other relief, advice and directions as counsel may request and this Honourable Court may deem just and appropriate in the circumstances.

Grounds for making this application:

Stay Extension Order

5. On March 8, 2016, the Honourable Mr. Justice D. B. Nixon granted the Initial Order in this Action granting, among other things, a stay of proceedings from the date of the Initial Order up to and including April 7, 2016 (the "**Stay Period**").
6. On April 5, 2016, the Honourable Mr. Justice S. J. LoVecchio granted an Order (the "**First Stay Extension Order**") which, among other things, extended the Stay Period up to and including June 2, 2016.
7. Since the First Stay Extension Order was granted, the Applicants have taken significant steps to advance these restructuring proceedings, including but not limited to:
 - (a) cooperating with the Monitor to facilitate its monitoring of the Applicants' business and operations;

- (b) setting down an application for the Approval and Vesting Orders and the Distribution Order with respect to the Horn River APA and the Discovery LNG APA (as defined in the Affidavit of Bob McGregor, sworn on May 18, 2016 in support of this Application), which Orders were granted on April 22, 2016;
 - (c) communicating with the Applicants' primary creditors and stakeholders and their advisors regarding a Plan of Compromise and Arrangement (a "**Plan**") that would allow for the most efficient method of monetizing the assets of the Applicants, determining claims against the Applicants and their directors and officers, and distributing proceeds to creditors;
 - (d) working with the Monitor to formulate a claims procedure; and
 - (e) continuing to operate and manage the Applicants' business in the ordinary course, subject to the terms of the Initial Order.
8. The Applicants are working in good faith and with due diligence in these proceedings, it is in the best interest of the Applicants and all of their stakeholders that the Stay Period be extended up to and including August 5, 2016 (the "**Second Stay Extension**"), and it is appropriate in the circumstances to so order.
9. The Applicants will have sufficient cash on hand to fund their operations and these proceedings during the Second Stay Extension.

Claims Procedure Order

10. It is necessary that that nature, quantum, validity and enforceability of the claims against the Applicants be determined. This will allow the Applicants to formulate and advance a Plan in these proceedings, including convening a meeting or meetings for the purposes of voting upon such Plan.
11. The Applicants have, in consultation with the Monitor developed the claims procedure, as set out in Schedule "A" hereto (the "**Claims Procedure**").
12. The Monitor approves the proposed Claims Procedure and proposed Claims Procedure Order, and supports this Application.

13. The Claims Procedure for which approval is sought herein is similar to claims procedures approved in other CCAA proceedings. The Claims Procedure is designed to create a process that will allow for a timely review of the potential claims against the Applicants.
14. The Claims Procedure sets a claims bar date of 5:00 p.m. Calgary Time on July 5, 2016.
15. The Applicants believe that the Claims Procedure will be effective and is reasonable and appropriate in these proceedings.
16. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

17. The pleadings and proceedings filed in the within action, including the Initial Order, the Rushford Affidavit No. 1 and the Affidavit of Bob McGregor, sworn May 18, 2016.
18. The Monitor's Fourth Report, to be filed.
19. The inherent jurisdiction of this Honourable Court.
20. Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

21. None.

Applicable Acts and regulations:

22. The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

Any irregularity complained of or objection relied on:

23. None.

How the application is proposed to be heard or considered:

24. In person, with the Applicants and any interested parties present before the Honourable Madam Justice K. M. Eidsvik in Commercial List Chambers on May 26, 2016.

WARNING

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

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

SCHEDULE "A"

CLERK'S STAMP

COURT FILE NUMBER

1601 – 03113

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

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

DOCUMENT

CLAIMS PROCEDURE ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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

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

DATE ON WHICH ORDER WAS PRONOUNCED: May 26, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice K. M. Eidsvik

UPON the application of Quicksilver Resources Canada Inc. ("**QRCI**") and 0942065 B.C. Ltd. ("**LNG Co**") pursuant to the CCAA (as defined below) for an order approving a procedure for the determination and resolution of claims against the Applicants (as defined below) and authorizing and directing the Monitor (as defined below) in consultation with the Applicants to administer the said claims procedure in accordance with its terms;

AND UPON having read the Application, the Affidavit of Bob McGregor sworn May 18, 2016, and the Fourth Report of the Monitor dated May •, 2016, all filed; AND UPON hearing the submissions of counsel for the Applicants, counsel for the Monitor, and counsel for other interested parties;

IT IS HEREBY ORDERED THAT:

SERVICE OF APPLICATION

1. Service of this Application 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.

DEFINITIONS

2. In this Order:
 - (a) "**Administration Charge**" means the Administration Charge as defined in the Initial Order;
 - (b) "**Applicants**" means QRCI, LNG Co, and 0942069 B.C. Ltd.;
 - (c) "**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - (d) "**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Calgary, in the Province of Alberta, Canada;
 - (e) "**Calendar Day**" means a day, including Saturday, Sunday and any statutory holidays in the Province of Alberta, Canada;
 - (f) "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
 - (g) "**CCAA Proceedings**" means the proceedings commenced by the Applicants under the CCAA in the Court, under Action No. 1601-03113;

(h) "**Claim**" means:

- (i) any right or claim of any Person that may be asserted or made in whole or in part against the Applicants, or any of them, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, regulatory, equitable or fiduciary duty or obligation) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be a debt provable in bankruptcy within the meaning of the BIA had the Applicants become bankrupt on the Filing Date;
- (ii) a Restructuring Period Claim;
- (iii) a D&O Claim;
- (iv) a D&O Indemnity Claim; and

(v) a Secured Claim;

provided, however, that "Claim" shall not include an Excluded Claim;

- (i) "**Claimant**" means any Person asserting a Claim and includes without limitation the transferee or assignee of a Claim transfer and recognized as a Claimant in accordance with paragraph 31 hereof or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on or behalf of or through such Person;
- (j) "**Claims Bar Date**" means 5:00 p.m. (Calgary time) on July 5, 2016, or any later date ordered by the Court;
- (k) "**Claims Package**" means the materials to be provided by the Monitor to Persons who may have a Claim, which materials shall include a blank Proof of Claim and a Proof of Claim Instruction Letter, and such other materials as the Applicants or the Monitor may consider appropriate or desirable.
- (l) "**Claims Procedure**" means the procedures outlined in this Order, including the Schedules;
- (m) "**Court**" means the Court of Queen's Bench of Alberta in the Judicial Centre of Calgary;
- (n) "**Creditors' Meeting**" means any meeting of creditors called for the purpose of considering and voting in respect of the Plan, if one is filed, to be scheduled pursuant to further order of the Court;
- (o) "**D&O Claim**" means:
 - (i) any right or claim of any Person that may be asserted or made in whole or in part against one or more Directors or Officers that relates to a Claim for which such Directors or Officers are by law liable to pay in their capacity as Directors or Officers; or

- (ii) any right or claim of any Person that may be asserted or made in whole or in part against one or more Directors or Officers, in that capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, regulatory, equitable or fiduciary duty or obligation) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity from any such Directors or Officers or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, or (B) relates to a time period prior to the Filing Date;
- (p) **"D&O Indemnity Claim"** means any existing or future right of any Director or Officer against any of the Applicants which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by any of the Applicants;

- (q) "**Director**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Applicants;
- (r) "**Directors' Charge**" means the Directors' Charge as defined in the Initial Order;
- (s) "**Distribution Claim**" means the amount of the Claim of a Claimant as finally determined for distribution purposes, in accordance with the provisions of this Order and the CCAA;
- (t) "**Employee Amounts**" means all outstanding wages, salaries and employee benefits (including employee medical, dental, disability, life insurance and similar benefit plans or arrangements, incentive plans, share compensation plans and employee assistance programs and employee or employer contributions in respect of pension or group savings plans, and other benefits), vacation pay, commissions, bonuses and other incentive payments, and employee expenses and reimbursements, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all equivalent amounts related to individuals who perform employment-like services for the Applicants as contractors, and for greater certainty, shall not include any Claims arising from or in respect of any termination or cessation of employment of any employee of the Applicants, except to the extent covered by the KERP Charge;
- (u) "**Excluded Claim**" shall mean:
 - (i) any claim secured by the Administration Charge, the Directors' Charge, or the KERP Charge;
 - (ii) any other claim secured by a Court-ordered charge in the CCAA Proceedings arising after the date of this Order;
 - (iii) any claim in respect of Employee Amounts that become payable on or after the Filing Date;

- (iv) any claim arising under a contract entered into by any Applicant after the Filing Date or with respect to goods or services provided to any of the Applicants on or after the Filing Date; and
- (v) any inter-company Claim existing among the Applicants which, for greater certainty, shall not include any Claim of any Person that is not an Applicant in these proceedings;
- (v) "**Filing Date**" means March 8, 2016;
- (w) "**Governmental Authority**" means a federal, provincial, state, territorial, municipal or other government or government department, agency or authority (including a court of law or any regulatory authority or body) having jurisdiction over the Applicants or their business;
- (x) "**Initial Order**" means the Initial Order in the CCAA Proceedings granted by the Honourable Mr. Justice D. B. Nixon granted on the Filing Date;
- (y) "**KERP Charge**" means the KERP Charge as defined in the Initial Order;
- (z) "**Known Claimant**" means:
 - (i) any Person who, based upon the books and records of the Applicants, was owed monies by any of the Applicants as of the Filing Date and which monies remain unpaid in whole or in part;
 - (ii) any Person who has commenced a legal proceeding in respect of a Claim or D&O Claim or given any of the Applicants written notice of an intention to commence a legal proceeding or a demand for payment in respect of a Claim or D&O Claim, provided that where a lawyer of record has been listed in connection with any such proceedings, the "Known Claimant" for the purposes of any notice required herein or to be given hereunder shall be, in addition to that Person, its lawyer of record;

- (iii) any Person who was at or prior to the Filing Date party to a material lease, contract, or other agreement or obligation of any of the Applicants with respect to which such Person may assert a Claim; and
- (iv) any Person who is a party to a lease, contract, or other agreement or obligation of any of the Applicants which was restructured, terminated, repudiated or disclaimed by any of the Applicants between the Filing Date and the date of this Order;
- (aa) "**Monitor**" means FTI Consulting, Inc., in its capacity as Court-appointed monitor of the Applicants;
- (bb) "**Monitor's Website**" means <http://cfcanada.fticonsulting.com/QRCI>;
- (cc) "**Newspaper Notice to Claimants**" means the notice for publication pursuant to paragraph 16 of this Order, substantially in the form attached as Schedule "A";
- (dd) "**Notice of Dispute**" means the notice referred to in paragraphs 21 and 28 hereof, substantially in the form attached as Schedule "E" hereto, which may be delivered to the Monitor by a Claimant disputing a Notice of Revision or Disallowance, with reasons for its dispute;
- (ee) "**Notice of Revision or Disallowance**" means the notice referred to in paragraphs 20 and 27 hereof, substantially in the form of Schedule "D" hereto advising a Claimant that the Applicants have revised or rejected all or part of such Claimant's Claim set out in its Proof of Claim;
- (ff) "**Officer**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Applicants;
- (gg) "**Person**" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Government

Authority or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

- (hh) "**Plan**" means any proposed plan(s) of compromise or arrangement to be filed in respect of the Applicants, or any of them, pursuant to the CCAA as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof;
- (ii) "**Proof of Claim**" means the Proof of Claim referred to herein, substantially in the form attached as Schedule "B" hereto;
- (jj) "**Proof of Claim Instruction Letter**" means the instruction letter to Claimants, substantially in the form attached as Schedule "C" hereto, regarding the completion of a Proof of Claim by a Claimant and the claims procedure described herein;
- (kk) "**QRI**" means Quicksilver Resources Inc.;
- (ll) "**Restructuring Period Claim**" means any right or claim of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever resulting from the restructuring, disclaimer, resiliation, termination or breach by one or more of the Applicants on or after the Filing Date of any contract, lease, or other agreement, whether written or oral and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of this Order;
- (mm) "**Restructuring Period Claims Bar Date**" means fifteen (15) Calendar Days after termination, repudiation or resiliation of the applicable agreement or other event giving rise to the applicable Restructuring Period Claim;
- (nn) "**Secured Claim**" means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of the Applicants, or any of them, (including statutory and possessory liens that create security interests) up to

the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date;

- (oo) "**Unknown Claimants**" are Claimants which are not Known Claimants or a Claimant with an Excluded Claim; and
- (pp) "**Voting Claim**" means the amount of the Claim of a Claimant as finally determined for voting at the Creditors' Meeting, in accordance with the provisions of this Order and the CCAA.

GENERAL PROVISIONS

- 3. All references as 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 5:00 p.m. on such Business Day unless otherwise indicated herein.
- 4. All references to the word "including" shall mean "including without limitation".
- 5. All references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.
- 6. All Claims shall be denominated in Canadian dollars. Any Claims denominated in a foreign currency shall be converted to Canadian dollars for purposes of any Plan at the Bank of Canada's noon exchange rate in effect on the Filing Date.
- 7. Interest and penalties that would otherwise accrue after the Filing Date shall not be included in any Claims.
- 8. Copies of all forms delivered hereunder, as applicable, and determinations of Claims by the Court shall be maintained by the Monitor and, subject to further order of the Court, the applicable Claimant will be entitled to have access thereto by appointment during normal business hours on written request to the Monitor.

9. Any Person with an Excluded Claim shall not file a Proof of Claim in this process in respect of such Excluded Claim, unless required to do so by further order of the Court, nor shall the Monitor send a Claims Package to Persons with Excluded Claims.

MONITOR'S ROLE

10. The Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall have primary carriage of the administration of the claims procedure provided for herein, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Order or incidental thereto. The Applicants are directed to provide such assistance to the Monitor in carrying out the terms of this claims procedure as the Monitor may reasonably request.
11. In carrying out the terms of this Order, the Monitor shall:
 - (a) have all of the protections given to it by the CCAA, the Initial Order, and this Order, or as an officer of the Court, including the stay of proceedings in its favour;
 - (b) incur no liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part;
 - (c) be entitled to rely on the books and records of the Applicants and any information provided by the Applicants, all without independent investigation; and
 - (d) not be liable for any claims or damages resulting from any errors or omissions in such books, records or information, save and except for any gross negligence or willful misconduct on its part.
12. The Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may, where they are satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Order as to completion and

execution of such forms and to request any further documentation from a Person that the Monitor may require in order to enable them to determine the validity of a Claim.

CLAIMS PROCEDURE FOR KNOWN CLAIMANTS

(i) Disclaimers and Resiliations

13. Any action taken by the Applicants to restructure, disclaim, resiliate, terminate or breach any contract, lease or other agreement, whether written or oral, pursuant to the terms of the Initial Order, must occur on or before the day that is fifteen (15) Calendar Days prior to the date of the Creditors' Meeting. Any notices of disclaimer or resiliation delivered to Claimants in connection with the foregoing shall be accompanied by a Claims Package.
14. Any Claimant that wishes to assert a Restructuring Period Claim must return a completed Proof of Claim to the Monitor such that it is received by the Monitor by no later than 5:00 p.m. on the Restructuring Period Claims Bar Date.

(ii) Notice of Claims to Known Claimants

15. The Monitor shall send a Claims Package to each of the Known Claimants by prepaid ordinary mail before 11:59 p.m. on June 3, 2016.

CLAIMS PROCEDURE FOR UNKNOWN CLAIMANTS

(i) Notice of Claims

16. The Monitor will cause the Newspaper Notice to Claimants to be published on two separate dates prior to June 3, 2016 in each of the Calgary Herald and the Globe and Mail (National Edition). The Monitor will also post electronic copies of the Newspaper Notice to Claimants, the Proof of Claim, and this Order on the Monitor's Website as soon as practically possible after the date on which this Order is granted.
17. In addition, the Monitor shall send a Claims Package to any Unknown Claimant who requests these documents. Any such Unknown Claimant must return a completed Proof of Claim to the Monitor by no later than the Claims Bar Date.

18. To the extent that any D&O Claim is filed in accordance with this claims procedure, a corresponding D&O Indemnity Claim shall be deemed to have been filed in respect of such D&O Claim.

CLAIMS BAR DATE, ADJUDICATION AND RESOLUTION OF CLAIMS

(i) Barring of Claims

19. Any Claimant that does not return a Proof of Claim to the Monitor by the Claims Bar Date (or, for a Claimant asserting a Restructuring Period Claim, by the Restructuring Period Claims Bar Date), unless otherwise ordered by the Court, shall:

- (a) not be entitled to vote at any Creditor's Meeting;
- (b) not be entitled to receive any distribution under any Plan;
- (c) not be entitled to any further notice in, and shall not be entitled to participate as a Claimant or creditor in, the CCAA Proceedings in respect of such Claim;
- (d) be forever barred from making or enforcing any such Claim against any of the Applicants, their Directors and their Officers, and all such Claims will be forever extinguished and barred without any further act or notification by the Applicants; and
- (e) be forever barred from making or enforcing any such Claim as against any other Person who could claim contribution or indemnity from the Applicants, their Directors and their Officers, or any of them and all such Claims will be forever extinguished and barred without any further act or notification by the Applicants.

(ii) Determination of Claims

20. The Applicants and the Monitor shall review all Proofs of Claim received by the Claims Bar Date and the Monitor shall accept, revise or disallow the amount of each Claim set out therein for voting and/or distribution purposes. The Monitor shall by no later than 11:59 p.m. on July 15, 2016, notify each Claimant who has delivered a Proof of Claim as

to whether such Claimant's Claim as set out therein has been revised or rejected for voting purposes (and for distribution purposes, if the Applicants elect to do so), and the reasons therefor, by sending a Notice of Revision or Disallowance. Where the Applicants do not send by such date a Notice of Revision or Disallowance to a Claimant, the Applicants shall be deemed to have accepted such Claimant's Claim in the amount set out in that Claimant's Proof of Claim as a Voting Claim for voting purposes only, which shall be deemed to be that Claimant's Voting Claim.

21. Any Claimant who disputes the classification or amount of its Claim as set forth in a Notice of Revision or Disallowance sent pursuant to the immediately preceding paragraph shall deliver a Notice of Dispute to the Monitor (with a copy to the Applicants) by no later than 5:00 p.m. on the date that is fifteen (15) Calendar Days after receipt of the Notice of Revision or Disallowance.

(iii) Resolution of Claims

22. Where a Claimant that receives a Notice of Revision or Disallowance pursuant to paragraph 20 above does not file a Notice of Dispute by the time set out in paragraph 21 above, the value of such Claimant's Voting Claim or Distribution Claim (if the Notice of Revision or Disallowance dealt with the Distribution Claim) shall be deemed to be as set out in the Notice of Revision or Disallowance.
23. Upon receipt of a Notice of Dispute, the Applicants, with the assistance of the Monitor, may attempt to consensually resolve the classification and amount of the Claim with the Claimant.
24. If the Applicants and the Claimant consensually resolve the classification and amount of the Claim, the Monitor may accept a revised Claim, and such Claim will constitute a Voting Claim or a Distribution Claim (if the Notice of Revision or Disallowance dealt with the Distribution Claim).
25. In the event that the Monitor is unable to resolve a dispute regarding any Voting Claim with a Claimant, the Applicant or the Claimant shall so notify the Monitor, and the Claimant or the Applicant, as the case may be. The decision as to whether the Claimant's

Voting Claim should be adjudicated by the Court shall be in the sole discretion of the Monitor (subject to consultation with the Applicant); provided, however that to the extent a Claim is referred under this paragraph to the Court, it shall be on the basis that the value of the Claim shall be resolved or adjudicated both for voting and distribution purposes (and that it shall remain open to the parties to agree that the Claimant's Voting Claim may be settled by the Claimant and the Applicant without prejudice to a future hearing by the Court to determine the Claimant's Distribution Claim). Thereafter, the Court shall resolve the dispute between the Applicant and such Claimant, and in any event, it is anticipated that the Court shall, by no later two (2) Calendar Days prior to the date of the Creditors' Meeting, notify the Applicant, such Claimant and the Monitor of the determination of the value of the Claimant's Voting Claim and Distribution Claim. Such determination of the value of the Voting Claim and Distribution Claim by the Court shall be deemed to be the Claimant's Voting Claim and Distribution Claim for voting and distribution purposes.

26. Where the value of a Claimant's Voting Claim has not been finally determined by the Court by the date of the Creditors' Meeting, the relevant Applicant shall either:
 - (a) accept the Claimant's determination of the value of the Voting Claim as set out in the applicable Notice of Dispute only for the purposes of voting and conduct the vote of the creditors on that basis subject to a final determination of such Claimant's Voting Claim, and in such case the Monitor shall record separately the value of such Claimant's Voting Claim and whether such Claimant voted in favour of or against the Plan;
 - (b) adjourn the Creditors' Meeting until a final determination of the Voting Claim(s) is made; or
 - (c) deal with the matter as the Court may otherwise direct or as the relevant Applicant, the Monitor and the Claimant may otherwise agree.

27. The Monitor, with the assistance of the Applicants, shall review and consider all Proofs of Claim filed in accordance with this Claims Procedure Order, in order to determine the

Distribution Claims. The Monitor shall notify each Claimant who filed a Proof of Claim and who did not receive a Notice of Revision or Disallowance for distribution purposes pursuant to paragraph 20 hereof as to whether such Claimant's Claim as set out in such Claimant's Proof of Claim has been revised or rejected for distribution purposes, and the reasons therefor, by delivery of a Notice of Revision or Disallowance. Where the Monitor does not send a Notice of Revision or Disallowance for distribution purposes to a Claimant, the relevant Applicants and the Monitor shall be deemed to have accepted the amount of such Claimant's Claim as set out in such Claimant's Proof of Claim as such Claimant's Distribution Claim.

28. Any Claimant who disputes a Notice of Revision or Disallowance for distribution purposes shall no later than fifteen (15) Calendar Days after receiving the notice referred to in paragraph 27, deliver a Notice of Dispute to the Monitor.
29. Where a Claimant that receives a Notice of Revision or Disallowance pursuant to paragraph 27 above does not return a Notice of Dispute for distribution purposes to the Monitor by the time set out in paragraph 28 above, the value of such Claimant's Distribution Claim shall be deemed to be as set out in the Notice of Revision or Disallowance for distribution purposes and the Claimant will be barred from disputing or appealing same.
30. In the event that an Applicant is unable to resolve a dispute with a Claimant regarding any Distribution Claim, the Applicant or the Claimant shall so notify the Monitor, and the Claimant or the Applicant, as the case may be. The decision as to whether the Claimant's Distribution Claim should be adjudicated by the Court shall be in the sole discretion of the Monitor. Thereafter, the Court shall resolve the dispute between the Applicant and such Claimant.

NOTICE OF TRANSFEREES

31. If, after the Filing Date, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Applicants nor the Monitor shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory

evidence of such transfer or assignment, shall have been received and acknowledged by the relevant Applicant and the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Claimant" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Order prior to receipt and acknowledgement by the relevant Applicant and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any rights of set-off to which any Applicant may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to any of the Applicants. No transfer or assignment shall be received for voting purposes unless such transfer shall have been received by the Monitor no later than ten (10) Business Days prior to the date to be fixed by the Court for the Creditors' Meeting, failing which the original transferor shall have all applicable rights as the "Claimant" with respect to such Claim as if no transfer of the Claim had occurred. Reference to transfer in this Order includes a transfer or assignment whether absolute or intended as security.

32. If a Claimant, or any subsequent holder of a Claim, who has been acknowledged by the Monitor as the holder of such, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Monitor shall not, in each case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim provided such Claimant may, by notice in writing delivered to the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event such Person shall be bound by any notices given or steps taken in respect of such Claim with such Claimant in accordance with the provisions of this Order.

33. Neither the Applicants nor the Monitor are under any obligation to give notice to any Person other than a Claimant holding a Claim and shall have no obligation to give notice to any Person holding a security interest, lien or charge in, or a pledge or assignment by way of security in, a Claim as applicable in respect of any Claim.

SERVICE AND NOTICE

34. The Monitor and the Applicants may, unless otherwise specified by this Order, serve and deliver any letters, notices or other documents contemplated by this Order and the Claims Procedure to Claimants, Directors or Officers, and any other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission to such Persons (with copies to their counsel if applicable) at the address as last shown on the records of the Applicants or set out in such Person's Proof of Claim. Any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Alberta, the fifth Business Day after mailing within Canada (other than within Alberta), and the tenth Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by electronic or digital transmission by 5:00 p.m. on a Business Day, on such Business Day, and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.
35. Any notice or other communication (including Proofs of Claim) to be given under this Order by any Person to the Monitor shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or electronic or digital transmission addressed to the following address and any such notice or other communication by a Person shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day, or if delivered outside of a normal business hours, the next Business Day:

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

Attention: **[NTD: CONTACT NAME]**

Fax: 403-232-6116
Phone: 403-232-6100
Email: **[NTD: CONTACT EMAIL]**

36. If during any period during which notices or other communications are being given pursuant to this Order a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of the Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or electronic or digital transmission in accordance with this Order.
37. In the event that this Order is later amended by further order of the Court, the Monitor shall post such further order on the Monitor's Website and such posting shall constitute adequate notice of such amended claims procedure.

SET-OFF

38. The Applicants (or any of them) may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to the Plan to any Claimant, any claims of any nature whatsoever that the Applicants (or any of them) may have against such Claimant, however, neither the failure to do so nor the allowance of any claim hereunder shall constitute a waiver or release by the Applicants (or any of them) of any such claim that the Applicants may have against such Claimant.

MISCELLANEOUS

39. Notwithstanding any other provision of this Order, the sending of Notices to Claimant and the solicitation of Proofs of Claim, and the filing by a Person of any Proof of Claim, shall not, for that reason only, grant any Person any standing in the CCAA Proceedings or rights under the Plan.

40. Nothing in this Order shall constitute or be deemed to constitute an allocation or assignment of Claims or Excluded Claims by the Applicants into particular affected or unaffected classes for the purpose of a Plan and, for greater certainty, the treatment of Claims, Excluded Claims, or any other claims are to be subject to a Plan and the class or classes of creditors for voting and distribution purposes shall be subject to the terms of any proposed Plan or further Order of the Court.
41. Nothing in this Order shall prejudice the rights and remedies of any Directors or Officers under any existing Director and Officer insurance policy or prevent or bar any Person from seeking recourse against or payment from any Director's and/or Officer's liability insurance policy or policies that exist to protect or indemnify the Directors and/or Officers, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or one or more of the Applicants; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove, modify or alter any defence to such claim available to the insurer pursuant to the provisions of any insurance policy or at law.
42. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, or any of them, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants, or any of them, and to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants, or any of them, and the Monitor and their respective agents in carrying out the terms of this Order.
43. This Order shall have full force and effect in all provinces and territories of Canada, outside Canada and against all Persons against whom it may be enforceable.

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

J.C.Q.B.A