COURT FILE NUMBER 1501-00396

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE Calgary

JUDICIAL CENTRE OF CALGARY
FILED
JUN 24 2015
CLERK OF THE COURT

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

AND IN THE MATTER OF THE *BUSINESS COROPORATIONS ACT*, R.S.A. 2000, c. B-9

AND IN THE MATTER OF GASFRAC ENERGY SERVICES INC., GASFRAC SERVICES GP INC., GASFRAC ENERGY SERVICE (US) INC., GASFRAC US HOLDING INC. and GASFRAC INC.

DOCUMENT **STAY EXTENSION and SANCTION ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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I hereby certify this to be a true copy of the original Order
Dated this 24 day of June 2015
S. Fell
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: June 24, 2015

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON THE APPLICATION of Gasfrac Energy Services Inc. ("**GESI**"), Gasfrac Services GP Inc. ("**GSGP**") for itself and on behalf of Gasfrac Energy Services Limited Partnership ("**GESLP**"), Gasfrac U.S. Holdings Inc. ("**Holdings**"), Gasfrac Inc. ("**GI**") and Gasfrac Energy Services (U.S.) Inc. ("**GUS**") (GESI, GSGP, GESLP, Holdings, GI and GUS are sometimes collectively referred to as the "**Applicants**"); **AND UPON** having read the Affidavit of Lori McLeod-Hill sworn on June 22, 2015 and the Eighth Report of Ernst and Young Inc. (the "**Eighth Report**") dated June 22, 2015, in its capacity as the Monitor of the Applicants (the "**Monitor**"), as well as the previous reports of the Monitor filed herein;

AND UPON having read the pleadings and proceedings had and taken in this action; **AND UPON** hearing the submissions of legal counsel for the Applicants, the Monitor and any other legal counsel in attendance at the hearing of this application; **AND UPON** being advised of the results of the meeting of each of the Creditors of the Applicants (the "**Creditors' Meeting**") and in particular, the voting by the Creditors to approve the plan of arrangement and compromise for the Applicants (the "**Plan**");

IT IS HEREBY ORDERED THAT:

Capitalized Terms

1. Capitalized terms not otherwise defined herein shall, unless stated to be otherwise, have the meaning ascribed to them in the Plan.

Service

2. Service of notice of this application is hereby abridged so that the application is properly returnable today and, further, that any requirement for service of the application and supporting materials upon any party not served is hereby dispensed with.

Stay Extension

3. The stay of proceedings granted in these proceedings shall be extended from July 6, 2015 to September 30, 2015.

Sanction of Plan

4. Each of the Applicants has complied in all material respects with the provisions of the CCAA and the previous Orders of this Honourable Court granted in these proceedings and have not done or purported to do anything that is not authorized by the CCAA.

5. The Plan has been agreed to and approved by the Required Majorities of each class of Creditors in accordance with the requirements of the CCAA and the Creditors' Meeting Order granted in these proceedings on May 13, 2015 (the "**Meeting Order**") (except as provided for herein).

6. The Plan and the transactions contemplated therein are found to be fair and reasonable to the Creditors, in the best interests of the Applicants and all affected parties, and the Plan is hereby finally and absolutely sanctioned and approved pursuant to the provisions of the CCAA.

Waiver of Quorum and Deletion of Creditor Class

7. The Plan is hereby amended as follows:

(a) The GSGP Class shall be removed from the definition of Affected Unsecured Creditors Classes in Schedule "A" of the Plan and for greater certainty, the definition of Affected Unsecured Creditors Classes shall mean "the classes of Affected Unsecured Creditors entitled to vote on this Plan at the Meetings in accordance with the terms of the Meeting Order, which, for certainty are (as each such class is further described in Section 3.2): (i) the GESI Class, (ii) the GESLP Class, (iii) the Holdings Class, (iv) the GI Class, (v) the GUS Class and (vi) the Subordinated Debentureholder Class and "**Affected Unsecured Creditors Class**" means any one of them."

(b) Section 3.2 of the Plan shall be amended such that the list of Affected Unsecured Creditors Class shall not include the GSGP Class, and the list of Affected Unsecured Claims shall not include the Affected Unsecured Claims against GSGP.

8. Paragraph 18 of the Meeting Order is hereby amended to reflect the amendments to the Plan as more particularly outlined above in paragraph 7 of this Order. In particular, paragraph 18 shall be deleted in its entirety and replaced with the following:

> 18. For the purposes of voting to approve the Plan (a) there shall be six (6) classes of Affected Unsecured Creditors established in the Plan, (i) the GESI Class, comprised of all Affected Unsecured Creditors with Affected Unsecured Claims against GESI (excluding the Subordinated Debentureholders and the Affected Unsecured Claims by Subordinated Debentureholders); (ii) the GESLP Class, comprised of all Affected Unsecured Creditors with Affected Unsecured Claims against GSGP; (iii) the Holdings Class, comprised of all Affected

Unsecured Creditors with Affected Unsecured Claims against Holdings; (iv) the GI Class, comprised of all Affected Unsecured Creditors with Affected Unsecured Claims against GI; (v) the GUS Class, comprised of all Affected Unsecured Creditors with Affected Unsecured Claims against GUS; (vi) the Subordinated Debentureholder Class, comprised of all Affected Unsecured Creditors with Affected Unsecured Claims by Subordinated Debentureholders, and (b) the value of the Voting Claims of the Company's Creditors shall be established in accordance with the provisions of this Creditors' Meeting Order, the Claims Process Order, the Plan and any further order of this Honourable Court.

9. The quorum requirement as set out in paragraphs 26 and 27 of the Meeting Order is hereby waived as regards the Holdings Class and the GUS Class and the Creditors' Meeting as constituted and the votes tabulated at the Creditors' Meeting in respect of the Plan are deemed to have complied in all material respects with the provisions of the CCAA and the Creditors' Meeting Order notwithstanding that quorum was not present in respect of Holdings and GUS.

Plan Implementation

10. On the Plan Implementation Date, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as set out in the Plan, upon each of the Applicants, all Creditors and all other Persons.

11. The Plan shall be implemented and the steps to be taken and the compromises and releases set out in the Plan shall be deemed to be effected in the specified sequence set out in Section 5.2 of the Plan beginning at the Effective Time on the Plan Implementation Date, provided that the Conditions Precedent to implementation of the Plan set out in Section 9.1 are completed prior to or at the Effective Time, unless otherwise waived by the Applicants and Calfrac in accordance with Section 9.1 of the Plan.

12. Beginning as of the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are hereby approved,

binding and effective as set out in the Plan and with respect to the Applicants, all Affected Creditors, the Directors and Officers, the Released Parties and all other Persons named, referred to or affected by the Plan.

13. The Applicants are hereby authorized to transfer the Cash Pool to the Monitor who shall thereafter hold such amounts for the benefit of Affected Creditors and those Unaffected Creditors whose Unaffected Claims are being paid in connection with the Plan. Any amounts transferred by the Applicants to the Monitor and/or Residual Trustee for payments to an Affected Creditor or an Unaffected Creditor in accordance with the provisions of the Plan shall be deemed to be made by the Applicants when delivered to the Monitor and/or Residual Trustee. All payments to Affected Unsecured Creditors and Unaffected Creditors under the Plan shall be satisfied solely from the Cash Pool.

14. Upon the conclusion of the Claims Process approved by the Court pursuant to the Claims Procedure Order and the Subsequent Claims Procedures (to be approved by the Court) (or at such other time as may be deemed appropriate by the Monitor), the Monitor is hereby authorized and directed to pay in cash from the Cash Pool (or set aside a reserve in trust for such payments) all payments to Unaffected Creditors and Affected Unsecured Creditors in accordance with Section 5.2 of the Plan.

15. The Persons to be appointed to the board of directors of GESI and GSGP on the Plan Implementation Date shall be the Persons named on a certificate to be filed with the Court by GESI and GSGP prior to the Plan Implementation Date.

Amendment of Articles

16. In accordance with this Order and the steps outlined in the Plan, the Articles of Amalgamation of GESI shall be amended upon implementation of the Plan pursuant to Section 192 of the *Business Corporations Act*, RSA 2000, c B-9 in accordance with the Articles of Reorganization appended as Schedule "C" to the Plan, which are hereby approved, to:

(a) add a new class of shares to the authorized share capital of GESI (the New Shares), having the rights, privileges, restrictions and conditions as set forth in the Articles of Reorganization;

(b) fully, finally and irrevocably cancelling all issued and outstanding Securities of GESI and all Equity Interests (other than the issued and outstanding New Shares and Preserved Equity Interests) for no consideration and without the consent of the holders thereof;

(c) fully, finally and irrevocably cancelling the existing class of common shares of GESI as a class of shares of the Corporation;

(d) provide that no Securities of GESI (other than non-convertible debt securities of GESI) be transferred without approval of the board of directors of GESI; and

(e) provide for a minimum of one and maximum of five directors of GESI.

Disputed Distribution Claims Reserve

17. The amount of the Disputed Distribution Claims Reserve is hereby confirmed as at the date of this Order as $21,574,818.38, as further described in the Eighth Report. The Disputed Distribution Claims Reserve shall be held by the Monitor separately from the Cash Pool, however, the Monitor is authorized to reduce the Disputed Distribution Claims Reserve as the Disputed Claims are settled or otherwise resolved.

Continuation of Agreements

18. Subject to the performance by the Applicants of their obligations under the Plan, and except as provided for in the Plan, those obligations, agreements or leases to which the Applicants or any one of them are a party on the Plan Implementation Date which are listed in Schedule "A" hereto shall be and remain in full force and effect, unamended as at the Plan Implementation Date and no party to any such obligation or agreement shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

(a) of any event which occurred prior to and not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under this Plan, which would have entitled any other party thereto to enforce those rights or remedies;

(b) that the Applicants have sought or obtained relief or have taken steps as part of the Plan or otherwise under the CCAA;

(c) of any default or event of default arising as a result of the financial condition or insolvency of the Applicants;

(d) of the effect upon the Applicants of the completion of any of the transactions contemplated under the Plan; or

(e) of any compromises, settlements, restructurings, recapitalizations or reorganizations effected pursuant to the Plan.

Monitor's Duties and Subsequent Discharge

19. The Monitor is hereby authorized to perform its functions and to fulfil its obligations under the Plan to facilitate the implementation of the Plan.

20. The Monitor as Residual Trustee is hereby authorized to perform its functions and fulfil its duties and obligations under the Trust Agreement to properly administer the U.S. Debtors' Residual Assets for the benefit of Cash Pool, and therefore the Affected Unsecured Creditors and the Unaffected Creditors.

21. The actions, conduct and activities of the Monitor outlined in the Monitor's Eighth Report and in all of the previous reports filed by the Monitor in these proceedings are hereby approved and it is hereby declared that the Monitor has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-6.

22. Upon completion by the Monitor of its duties in respect of the Applicants pursuant to the CCAA and the Orders granted in these proceedings, including without limitation, the Monitor's duties in respect of the Claims Process and Subsequent Claims Procedures and the distribution of the Cash Pool in accordance with the terms of the Plan, the Monitor shall file with the Court a

certificate of Plan termination ("**Plan Termination Certificate**") stating that all of its duties in respect of the Applicants pursuant to the CCAA and the Orders granted in these proceedings have been completed and thereupon, the Monitor shall be deemed to be discharged from its duties as Monitor of the Applicants and shall thereafter have no further liabilities, obligations, responsibilities or duties under the Initial Order or otherwise in respect of these proceedings.

23. Upon the filing of this Order and the Plan Termination Certificate, the Monitor, its affiliates and their respective officers, directors, employees, and agents, attorneys and solicitors for the Monitor (collectively, the "**Monitor Parties**" and each a "**Monitor Party**") will be released and forever discharged from any and all claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission of a Monitor Party in any way relating to, arising out of or in respect of the performance or intended performance of the Monitor's mandate or any activity related thereto in these CCAA proceedings, save and except for any claim against a Monitor Party arising out of any gross negligence or wilful misconduct on the part of that Monitor Party.

24. No action or other proceeding in any way arising from or related to the performance or intended performance of the Monitor's mandate or any activity in these CCAA proceedings shall be commenced against a Monitor Party except with prior leave of this Court and on prior written notice to the Monitor Party and upon further order securing, as security for costs, the solicitor and his own client costs of the Monitor in connection with any proposed action or proceeding.

Release

25. Upon the filing of this Order, the Applicants, their shareholders, employees, servants and agents and the attorneys and solicitors for the Applicants (collectively, the "**Applicant Parties**") will be fully, finally, irrevocably and unconditionally released and forever discharged from: (i) any and all Claims, and (ii) any and all liabilities, obligations and claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising out of, or in any way related to, in whole or in party, directly or indirectly these CCAA proceedings or otherwise in accordance with the Plan and the ability of any Person to proceed against the Applicant Parties or any of the Released Parties in respect of or relating to any Claims and any matter which is released pursuant to Article 7 of the Plan shall be forever discharged and

restrained and all proceedings with respect thereto are hereby permanently stayed, subject only to the right of Affected Creditors to receive distributions from the Cash Pool pursuant to the Plan in respect of their Affected Claims in accordance with Article 7 of the Plan. For greater clarity, the only remaining rights and entitlements of Creditors after the Plan Implementation Date shall be to receive distributions from the Cash Pool with respect to Allowed Affected Unsecured Creditors. All payments or distributions made from the Cash Pool by the Monitor shall constitute full and final payment or distribution and satisfaction of all Claims of the Applicants.

26. Without limiting anything in the Claims Procedure Order or the Subsequent Claims Procedure Orders,

(a) any Creditor who failed to prove claims or successfully dispute any of the Applicants' assessment of their claims in accordance with the Claims Procedure Order or the Subsequent Claims Procedure Orders, on their own behalf or on behalf of their respective present or former employees, agents, officers, directors, principals, spouses, dependents, heirs, attorneys, successors, assigns and legal representatives; and

(b) any Unaffected Creditor or Allowed Affected Unsecured Creditors whose claims are to be paid by the Monitor from the Cash Pool in accordance with the Plan are, conditional upon such payments being made, on their own behalf and on behalf of their respective present or former employees, agents, officers, directors, principals, spouses, dependents, heirs, attorneys, successors, assigns and legal representatives,

permanently and forever barred, estopped, stayed and enjoined, on and after the date hereof, with respect to Claims, from:

(a) Commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever, including without limitation, administrative proceedings, against any of the Applicants;

(b) Enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Applicants or any of the Applicants' property;

(c) Commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever against any person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against any of the Applicants; and

(d) Creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind.

Termination of Charges

27. All Charges provided for in the Initial Order and any subsequent Order granted in these proceedings, including but not limited to the Administration Charge, the Directors' Charge, the Critical Suppliers' Charge, the Financial Advisor Charge and the KERP Charge will be fully and finally terminated, discharged and released as of 11:59 p.m. on the Plan Implementation Date.

28. All liens, including all security registrations against any of the Applicants or their property shall be fully discharged and extinguished on the Plan Implementation Date.

Equity Interests

29. All Equity Interests (other than the Preserved Equity Interests and the New Shares) shall be fully, finally and irrevocably cancelled in accordance with the terms of the Plan.

Further Advice and Direction

30. Notwithstanding the foregoing, the Applicants, the Monitor and any other interested party are hereby granted leave to apply to this Court for such further advice, direction or assistance as may be necessary or give effect to the terms of this Order.

General

31. The Applicants shall serve a copy of this Order on the Service List and service on the Service List shall be deemed effective service of this Order.

32. Notwithstanding:

(a) the pendency of these proceedings;

(b) a bankruptcy of any of the Applicants; and

(c) the provisions of any federal or provincial statute,

none of the transactions contemplated by this Order will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, transfers at undervalue or other reviewable transactions under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislations, and they do not constitute conduct meriting an oppression remedy and shall be binding on a trustee in bankruptcy in respect of any one of the Applicants.

33. Each of the Applicants and the Monitor in its capacity as Monitor and Foreign Representative of the U.S. Debtors are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, including without limitation the United States Bankruptcy Court for the Western District of Texas, San Antonio Division, for the recognition of this Order and for assistance in carrying out the terms of this Order.

" K.M. Eidsvik"

JUSTICE K.M. EIDSVIK

SCHEDULE "A"

Continuation of Agreements

Pursuant to Section 18 of the Sanction Order

1. First Insurance Funding of Canada – Insurance Contract
2. First Insurance Funding of Canada – Ironshore Specialty Insurance (US Contractors)
3. Iridium Risk Services Inc. – Contractors Pollution Liability
4. HSBC Bank USA, N.A. – Account Agreement
5. Microsoft Volume Licensing Agreement
6. Vistavu SAP Licence Agreement
7. Capita Fiduciary Group Administration Services Agreement
8. Ceridian Dayforce Payroll Agreement
9. Ceridian US Payroll Agreement