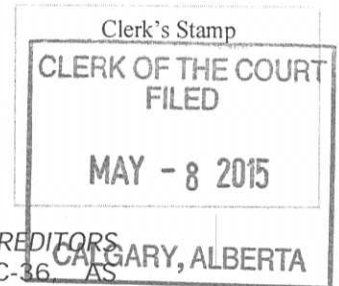


COURT FILE NUMBER 1501-00396
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



APPLICANTS IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS
AMENDED
AND IN THE MATTER OF THE BUSINESS
CORPORATIONS ACT, R.S.A. 2000, c. B-9
AND IN THE MATTER OF GASFRAC ENERGY
SERVICES INC., GASFRAC SERVICES GP INC.,
GASFRAC ENERGY SERVICES (US) INC., GASFRAC US
HOLDINGS INC. and GASFRAC INC.

DOCUMENT SEVENTH REPORT OF THE MONITOR
MAY 7, 2015

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MONITOR

ERNST & YOUNG INC.
1000, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9
Attention: Neil Narfason / Cassie Riglin
Telephone: 403-206-5067 / 403-206-5106
Fax: 403-206-5075
Email: neil.narfason@ca.ey.com
cassie.riglin@ca.ey.com

COUNSEL

Norton Rose Fulbright Canada LLP
3700, 400 - 3rd Avenue SW
Calgary, Alberta T2P 4H2
Attention: Howard Gorman Q.C.
Phone: 403-267-8144
Fax: 403-264-5973
Email: howard.gorman@nortonrosefulbright.com

TABLE OF CONTENTS

INTRODUCTION.....	3
BACKGROUND	4
TERMS OF REFERENCE	4
RESTRUCTURING TRANSACTION UPDATE.....	5
THE PLAN.....	5
MONITOR'S ANALYSIS OF THE PLAN	12
COMPARISON OF CASH FLOW PROJECTION TO ACTUAL RESULTS	14
CASH FLOW PROJECTION.....	16
THE COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD	17
RECOMMENDATIONS.....	17

APPENDICES

CASH FLOW PROJECTION TO ACTUAL RESULTS	APPENDIX A
CASH FLOW PROJECTION.....	APPENDIX B

INTRODUCTION

1. On January 15, 2015 GASFRAC Energy Services Inc. ("GESI"), GASFRAC Services GP Inc. ("GSGP"), GASFRAC Energy Services Limited Partnership ("GES LP"), GASFRAC Energy Services (US) Inc. ("GESI US"), GASFRAC US Holdings Inc. ("Holdings"), and GASFRAC Inc. ("GI"), collectively the "Company" or "GASFRAC", sought and obtained protection pursuant to the *Companies' Creditors Arrangement Act, R.S.C. 1985, C-36*, as amended (the "CCAA") pursuant to an Order (the "Initial Order") of the Alberta Court of Queen's Bench (the "Court").
2. Ernst & Young Inc. was appointed as Monitor (the "Monitor") of the Company pursuant to the terms of the Initial Order.
3. On January 15, 2015, the Monitor filed on behalf of GASFRAC Chapter 15 Petitions for Recognition of a Foreign Proceeding with the United States Bankruptcy Court for the Western District of Texas, San Antonio Division ("US Court"), which cases are jointly administered under Case No. 15-50161. On January 16, 2015, GASFRAC sought and obtained a Temporary Restraining Order ("TRO") from the US Court pursuant to which the terms of the Initial Order are were given full force and effect in the United States on an interim basis.
4. On January 30, 2015, the Company sought and obtained a foreign recognition order of the Initial Order from the US Court, pursuant to which the terms of the Initial Order were given full force and effect in the United States and recognizing these CCAA proceedings as the foreign main proceedings.
5. On January 23, 2015, the Court approved a sale and investment solicitation process ("SISP") which had a bid deadline of February 24, 2015 (the "Bid Deadline"). The SISP was subsequently approved by the US Court on January 30, 2015.
6. The sale of certain of GASFRAC's assets to STEP Energy Services Ltd. ("STEP") resulting from the SISP (the "STEP Transaction") was approved by the Court on March 16, 2015 and the US Court on March 18, 2015. The STEP Transaction closed on April 2, 2015.
7. On March 26, 2015, the Court approved a restructuring transaction (the "Restructuring Transaction") with Calfrac Well Services, Ltd. ("Calfrac") which is

described further in the sixth report of the Monitor dated March 23, 2015 (the "Sixth Report").

8. The purpose of this seventh report of the Monitor (the "Seventh Report") is to provide the Court with:
 - a) an update on the Restructuring Transaction;
 - b) a summary of the plan of compromise and arrangement (the "Plan") filed in these CCAA proceedings by GASFRAC;
 - c) the Monitor's analysis of the Plan;
 - d) the Company's forecast to actual cash flow results for the period March 7, 2015 to May 1, 2015 (the "Reporting Period");
 - e) the Company's cash flow projection (the "Cash Flow Projection") for the period May 2, 2015 to July 10, 2015 (the "Forecast Period");
 - f) the Company's request for an extension of the stay; and
 - g) the Monitor's recommendations.

9. All references to dollars are in Canadian currency unless otherwise noted.

10. Capitalized terms not defined herein are as defined in the Initial Order or the Plan.

BACKGROUND

11. Background information on GASFRAC and these CCAA proceedings is available on the Monitor's website at www.ey.com/ca/gasfracenergy.

TERMS OF REFERENCE

12. In preparing this Seventh Report, the Monitor has relied upon unaudited financial information, Company records and discussions with management of the Company. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed.

RESTRUCTURING TRANSACTION UPDATE

13. Pursuant to the Restructuring Transaction, GES LP agreed to purchase certain conventional well fracturing assets from Calfrac (the "Asset Purchase"). The Asset Purchase closed on March 30, 2015, in advance of the closing of the STEP Transaction. GES LP continues to employ a qualified team of employees to operate these conventional well fracturing assets.
14. At all times, including following the Asset Purchase and the closing of the STEP Transaction, GES LP has and continues to be in a position to and is actively seeking work providing conventional well fracturing services in Western Canada.
15. A further component of the Restructuring Transaction is that GASFRAC would file the Plan in these CCAA proceeding whereby:
 - a) no securities of GESI will be listed on the Toronto Stock Exchange or any other exchange and GESI will cease to have any public reporting obligations in Canada or the United States;
 - b) all existing shares of GESI will be cancelled;
 - c) New Shares of GESI will be issued and Calfrac will become the sole shareholder of GESI;
 - d) GESI will be the sole owner of the shares of GSGP and the units of GES LP; and
 - e) GESI US, Holdings, GI and GASFRAC Luxembourg Finance S.a.r.l. ("GLuxco") will be wound up and dissolved.

As required under the Restructuring Transaction, GASFRAC, in conjunction with the Monitor and Calfrac, have developed the Plan, which is discussed in further detail below.

THE PLAN

16. A copy of the Plan is attached as Exhibit A to the affidavit of Leigh Cassidy sworn May 6, 2015.
17. The purpose of the Plan is:

- a) to permit GESI, GSGP and GES LP to continue to carry on business as a going concern;
 - b) to permit the dissolution and winding up of the U.S. Debtors;
 - c) to provide for a settlement of all Allowed Affected Unsecured Claims; and
 - d) to effect a release and discharge of all Affected Claims and Released Claims.
18. It is the expectation of GASFRAC that the Persons who have an economic interest in the Companies, when considered as a whole, will derive a greater benefit from the implementation of the Plan than would result from a bankruptcy of the GASFRAC entities.
19. The Restructuring Transaction forms part of the Plan and is designed to maximize value for the benefit of the Affected Unsecured Creditors (including the Subordinated Debentureholders) through a corporate restructuring of GESI, GESLP and GSGP.
20. In addition, Holdings, GI, GUS and GLuxco will be wound up and GESI will undergo a corporate restructuring with all issued and outstanding shares of GESI being cancelled and extinguished for no consideration and new shares being issued to Calfrac, who will be the only shareholder of GESI immediately after Plan implementation.
21. Under the Plan, all cash held by the Company at the Plan Implementation Date will be considered the "Cash Pool". After reserving for Disputed Distribution Claims and the payment of all Unaffected Creditors and Affected Unsecured Creditors (excluding the Subordinated Debentureholders) the remaining balance of the Cash Pool will become the "Subordinated Debentureholder Cash Pool". The Subordinated Debentureholder Cash Pool would then be distributed to the pro-rata to the Subordinated Debentureholders.
22. Pursuant to the Restructuring Transaction, additional consideration of \$1,500,000 (the "Calfrac Contribution") will be added to the Cash Pool available for distribution to Affected Unsecured Creditors, therefore increasing the recovery of the Subordinated Debentureholders.
23. If the Plan is approved by the Required Majorities of creditors voting in each class, it is anticipated that the Affected Unsecured Claims (with the exception of the Subordinated

Debentureholders) will receive full payment of their Allowed Claims as at the Filing Date. It is further anticipated that the Subordinated Debentureholders will receive a portion of their Claim, in an amount greater than would be recovered if the Plan is rejected by Creditors as a result of the Calfrac Contribution.

24. If the Plan is approved and subsequently sanctioned by the Court, distributions from the Cash Pool shall be made at the conclusion of the subsequent claims process, estimated to be in late July, 2015.
25. The Plan contemplates that as soon as reasonably practicable following Plan Implementation, the following will occur:
 - a) the unspent balance of the \$535,000 of working capital loaned by Calfrac to GES LP under the Working Capital Note for the purposes of allowing the GASFRAC to complete the Plan, if any, shall be repaid to Calfrac in accordance with the terms of the Working Capital Note;
 - b) the Cash Pool shall be transferred to the Monitor who shall make all distributions under the Plan and in accordance with the Plan, from the Cash Pool. All payments to Affected Unsecured Creditors and Unaffected Creditors under the Plan shall be satisfied solely from the Cash Pool;
 - c) all Unaffected Claims (other than the Calfrac Debt) that are due and payable on the Plan Implementation Date shall be paid in full from the Cash Pool, or a reserve set aside in trust for these payments;
 - d) any Intercompany Claims shall be settled and extinguished for no consideration;
 - e) a Disputed Distribution Claims Reserve shall be created to cover 100% of the Disputed Distribution Claims and held by the Monitor, separately from the Cash Pool;
 - f) Calfrac shall make a loan of \$1,499,900 to GESI, being the Calfrac Contribution, which shall be held by the Monitor as part of the Cash Pool and distributed in accordance with the provisions of the Plan;
 - g) the Monitor shall become fully and irrevocably authorized and empowered to make distributions from the Cash Pool to each Affected Unsecured

Creditor Class at the conclusion of the Subsequent Claims Procedures (recognizing that such distributions shall occur after the Plan Implementation Date);

- h) all Affected Claims, and all of the Affected Creditors' entitlements with respect to any Affected Claims, shall be, and shall be deemed to be, fully, finally, irrevocably and forever compromised, settled, released, discharged, extinguished, cancelled and barred, and the Applicants, and each of them, shall be fully, finally and irrevocably released from any and all claims, liabilities or obligations of any kind to an Affected Creditor (and the Affected Creditors shall only have rights thereafter as against the Cash Pool held by the Monitor);
- i) GESI shall issue to Calfrac 100 New Shares in consideration of the amount of \$100 and Calfrac shall be added to the register of shareholders of the GESI Class A Common Shares. The \$100 shall be added to the Cash Pool;
- j) all Securities of GESI and all Equity Interests existing immediately prior to this Section 5.2(p) of the Plan shall be fully, finally and irrevocably cancelled for no consideration, except that, for greater certainty, the New Shares issued pursuant to Section 5.2(o) of the Plan and the Preserved Equity Interests shall not be cancelled and shall continue to exist; and
- k) the releases set forth in Article 7 of the Plan shall become effective, except that the Calfrac Debt shall remain outstanding and any Claim by Calfrac thereunder shall not be released;
- l) the appointment of the Post-Implementation Boards shall become effective, and each member thereof shall thereupon become a director of GESI and/or GSGP, as applicable.

Claims of Creditors

26. The Plan provides for the compromise and settlement of all Affected Unsecured Claims of Creditors in accordance with the provisions of the Plan. Allowed Affected Unsecured Claims of Creditors will be paid in accordance with Section 3.4 of the Plan.

27. Under the Plan, Affected Unsecured Creditors (other than Subordinated Debentureholders) will receive full payment of their claims in accordance with the Plan.
28. Subordinated Debenture holders will receive their pro-rata share of the Subordinated Debentureholder Cash Pool in accordance with the Plan.

Disputed Claims

29. A Disputed Distribution Claim is an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been Allowed, which is disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order and, for certainty, does not include any Equity Claims.
30. The Disputed Distribution Claims Reserve will be held by the Monitor, in a segregated account constituting, for the benefit of the Affected Unsecured Creditors with Allowed Affected Unsecured Claims until the final determination of the Disputed Distribution Claim in accordance with the Claims Procedure Order and the Plan.
31. To the extent that any Disputed Distribution Claim becomes an Allowed Affected Unsecured Claim in accordance with the Plan, the Monitor shall distribute to the holder of such Allowed Affected Unsecured Claim, the distribution from the Disputed Distribution Claims Reserve equal to the distribution that such Affected Unsecured Creditor would have been entitled to receive in respect of its Allowed Affected Unsecured Claim on the relevant Distribution Date had such Disputed Distribution Claim been an Allowed Affected Unsecured Claim on such date.

Unaffected Claims

32. Unaffected claims include:
 - a) the Calfrac Debt;
 - b) Insured Claims;
 - c) Post-Filing Trade Payables;

- d) Prior Ranking Secured Claims (including the priority Charges provided for in the Initial Order or subsequent orders);
 - e) Preserved Equity Interests;
 - f) Claims that are not permitted to be compromised pursuant to section 19(2) of the CCAA, but only to the extent not permitted; and
 - g) Government Priority Claims.
33. Unaffected Creditors will not receive any consideration or distributions under the Plan in respect of their Unaffected Claims (except to the extent their Unaffected Claims are paid in full on the Plan Implementation Date in accordance with the express terms of the Plan), and shall not be entitled to vote on the Plan.

The Proposed Creditors' Meeting Order

34. GASFRAC is seeking Court approval of a proposed Creditors' Meeting Order (the "Meeting Order"). The Meeting Order proposes, inter alia:
- a) The Creditors' Meeting shall be held on Monday, June 22, 2015 at 10:00 a.m. (Calgary time) at the offices of Borden Ladner Gervais LLP, 1900, 520 Third Avenue S.W., Calgary, Alberta, T2P 0R3;
 - b) The Monitor shall act as the Chair of the Creditors' Meeting, and shall decide all matters relating to the conduct of the Creditors' Meeting;
 - c) The Monitor shall send, by May 18, 2015, to all Affected Unsecured Creditors (excluding the Subordinated Debentureholders) who are eligible to vote at the Creditors' Meeting the following documents, including:
 - i. The Notice to Creditors;
 - ii. The Monitor's Seventh Report; and
 - iii. A blank Instrument of Proxy, with completion instructions (collectively, the "Meeting Materials");
 - d) Broadridge Financial Solutions Inc. ("Broadridge") shall send, by May 15, 2015, to all Subordinated Debentureholders who are eligible to vote at the Creditors Meeting the Meeting Materials;

- e) The Monitor shall publish a notice of the Creditors' Meeting twice in both the Calgary Herald and Houston Chronicle; and
- f) The Monitor shall publish the Meeting Materials on its website.

Classes

35. For the purpose of voting on the Plan, the Affected Unsecured Claims are divided into classes as set out below:

<u>Affected Unsecured Creditors Class</u>	<u>Affected Unsecured Claims</u>
GESI Class	Affected Unsecured Claims against GESI
GSGP Class	Affected Unsecured Claims against GSGP
GESLP Class.....	Affected Unsecured Claims against GESLP
Holdings Class.....	Affected Unsecured Claims against Holdings
GI Class	Affected Unsecured Claims against GI
GUS Class	Affected Unsecured Claims against GUS
Subordinated Debentureholder Class	Affected Unsecured Claims by Subordinated Debentureholders

Delivery of Proxies

36. Any Affected Unsecured Creditors' (with the exception of the Subordinated Debentureholders) Proxy must be delivered, per the Proxy instructions, to the Monitor on or before 5:00 p.m. (Calgary time) on June 19, 2015.
37. Any Subordinated Debentureholders' Proxy must be delivered, per the Proxy instructions and the Broadridge voting instructions, to Broadridge on or before 5:00 p.m. (Calgary time) on June 19, 2015.

Voting

38. GASFRAC proposes that the only Persons entitled to vote at the Creditors' Meeting, in Person or by Proxy, are Affected Unsecured Creditors.
39. Creditors with Unaffected Claims shall not be entitled to vote at the Creditors' Meeting.
40. Equity Claimants shall not be entitled to vote at the Creditors' Meeting.
41. It is proposed that each of the Affected Unsecured Creditors entitled to vote on the Plan is entitled to one vote.

42. The weight provided to Creditors' Affected Unsecured Claim is equal to the value of such Affected Unsecured Creditors' Proven Claim.
43. The weight provided to Creditors' Disputed Distribution Claim for voting purposes will either be the amount set out in any applicable Notice of Revision or Disallowance or the full amount of such Disputed Distribution Claim, as more particularly described in and set out in the Creditors' Meeting Order.
44. The results of the vote conducted at the proposed Creditors' Meeting are proposed to be binding on all of Company's Affected Creditors.

Conditions Precedent to Implementation of the Plan

45. The implementation of the Plan is subject to, among others, the following conditions precedent:
 - a) the Plan shall have been approved by the Required Majority in each Meeting and by the Court;
 - b) the Sanction Order and the Canadian Subsequent Claims Procedure Order shall have been granted by the Court; and
 - c) the U.S. Subsequent Claims Procedure Order and Sanction Recognition Order shall have been granted by the U.S. Court.

Plan Implementation

46. Based on the timing of the Creditors' Meeting, the Monitor expects that the Plan will be implemented in late June, 2015, with the distributions occurring shortly thereafter.
47. In addition, the Monitor will act as 'Residual Trustee', such that if there are any residual assets in the US Debtors, the Monitor will monetize those assets and any proceeds from such monetization will form part of the Cash Pool, in accordance with the provisions of the Trust Agreement appended to and forming part of the Plan.

MONITOR'S ANALYSIS OF THE PLAN

48. The Monitor is of the view that GASFRAC has no other viable options available to restructure other than as proposed in the Plan and that the only other alternative would be a distribution of proceeds under a liquidation.

49. The Plan contemplates full payment to all Allowed Affected Unsecured Claims excluding the Subordinated Debentureholders.
50. The Subordinated Debentureholders will receive their pro-rata share of the Subordinated Debenture Cash Pool which is estimated to be in the range of 37% to 55% of the principal amount of the debentures under the Plan. The estimated recovery for the Debentureholders under liquidation would be in the range of 33% to 52% of the principal amount of the debentures. The table below outlines the Monitor's analysis of recovery to the Subordinated Debentureholders under the Plan vs liquidation:

GASFRAC		Table 1	
Estimated Debentureholder Recovery			
\$000 CAD, unaudited			
Liquidation Recovery	Note	Low	High
Ending net cash position	a	40,258	40,258
Estimated claims	b	(24,000)	(18,500)
Disputed PNC payment	c	(1,440)	-
US property taxes	d	(1,500)	(1,000)
Available to Debentureholders under liquidation		13,318	20,758
Debenture principal balance		40,250	40,250
Debenture recovery percentage		33%	52%
Plan Recovery			
Calfrac Contribution	e	1,500	1,500
Available to Debentureholders under the Plan		14,818	22,258
Debenture principal balance		40,250	40,250
Debenture recovery percentage		37%	55%

51. The following are the key assumptions in Table 1:
- a) the ending net cash position is described in paragraph 62 below;
 - b) the claim values above represent the Monitor's best estimate of claims against GASFRAC at the date of this Seventh Report. The actual value of claims will be determined in the court-approved claims process;
 - c) this payment is described further in the Fourth Report of the Monitor dated March 20, 2015;
 - d) GASFRAC is in the process of determining the final amount owed in respect of property taxes on its former US property; and

e) this payment is described above in paragraph 25.

52. The Plan contemplates the Calfrac Contribution of \$1.5 million to the Cash Pool. The Calfrac Contribution will not be available if the Plan is not approved by the Creditors and sanctioned by the Court. As a result of the Plan, the Subordinated Debentureholders are economically better off by approximately \$1.5 million (3.7% of the principal amount of the debentures).
53. A condition of the Plan is that Creditors of each class must approve the Plan by a majority in number and two-thirds in value of the creditors voting either by proxy or in person, and the Plan must be approved by the Court. If the Plan is not accepted by the Creditors, the likely result would be a liquidation.
54. The Monitor believes it is reasonable for the Creditors to be separated into the seven classes as outlined under the Plan, as six of the classes represent the unsecured creditors of each GASFRAC entity under these CCAA Proceedings and the seventh class consists of the Subordinated Debentures who by agreement are subordinate to all other GASFRAC creditors.
55. Based on the above, the Monitor recommends that the Creditors approve the Plan.

COMPARISON OF CASH FLOW PROJECTION TO ACTUAL RESULTS

56. Attached as Appendix "A" is a summary of the Company's actual receipts and disbursements for the Reporting Period with an analysis of variances from the cash flow forecast previously provided in the Third Report. A summary budget to actual analysis is provided in the table below:

GASFRAC		Table 2	
Forecast (Third Report) to Actual Results			
For the Period of March 7 - May 1, 2015			
\$000 CAD, unaudited			
	Forecast	Actuals	Variance (\$)
Opening Net Cash Position	(34,478)	(34,478)	
Cash Receipts	12,073	78,375	66,302
Cash Disbursements	(12,955)	(13,325)	370
Effect of Foreign Exchange	-	(304)	
Net Cash Flows	(882)	64,746	
Ending Net Cash Position	(35,360)	30,268	

57. Opening net cash during the forecast period is comprised of the Company's cash balances and its revolving credit facility.
58. As set out in the table above, GASFRAC's total receipts for the Reporting Period were approximated \$78.4 million, which is \$66.3 million higher than forecasted. The variance is a result of the receipt of the net proceeds from the STEP Transaction as well as minor variance in the collection of accounts receivable.
59. GASFRAC's disbursements were \$13.3 million during the Reporting Period compared to forecasted disbursements of \$13.0 million. The variance results primarily from the costs associated with moving equipment to necessary locations for the closing of the STEP Transaction.
60. The ending net cash balance, as described above, as at April 17, 2015, was \$30.3 million which reflects that the Company's secured lender was repaid \$37.7 million on April 2, 2015. The Monitor holds \$1.44 million in trust for the Company's secured lender pending the outcome of a Court application as to the applicability of the secured lender's claim for an early termination fee. The application was heard April 24, 2014 by this Court and the decision has been reserved at this time.
61. The ending cash balance of \$30.3 million is comprised of:
- a) cash held by the Monitor of \$23 million of which \$1.44 million is in trust for the secured lender as discussed above;
 - b) cash held by the Monitor's legal counsel of \$2 million; and

- c) cash held by the Company of \$4.3 million.

CASH FLOW PROJECTION

62. The Company, with the assistance of the Monitor, has prepared the Cash Flow Projection for the Forecast Period based on the most current information available. The following is a summary of the Cash Flow Projection:

GASFRAC	Table 3
Consolidated Cash Flow Projection	
For the Period of May 2 - July 10, 2015	
\$000 CAD, unaudited	
Opening Net Cash Position	30,268
Cash Receipts	
Canada	4,708
US	8,972
Total Cash Receipts	13,680
Cash Disbursements	
Canada	(2,687)
US	(1,003)
Total Cash Disbursements	(3,690)
Net Cash Flows	9,990
Ending Net Cash Position	40,258

63. As summarized above, GASFRAC is projecting \$13.7 million in cash receipts against cash disbursements of \$3.7 million, resulting in a net increase in cash of \$10 million during the Forecast Period.
64. Significant assumptions made by GASFRAC's management with respect to the Cash Flow Projection are:
- Cash receipts forecasted reflect collections from Customers for work that has been fully completed as well as approximately \$3 million in funds from the STEP Transaction which were held back subject to the satisfactory inspection of equipment. The cash receipts do not include the \$1.5 million Calfrac Contribution; and
 - Cash disbursements include head office costs and costs associated with a significantly reduced workforce to manage the administration of the Company through to the completion of the CCAA proceedings.

Disbursements also include payment of professional fees related to the ongoing CCAA proceedings. The cash disbursements do not include any disbursements contemplated under the Plan.

65. The Monitor has reviewed the assumptions supporting the Cash Flow Projection and believes the assumptions to be reasonable.

THE COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

66. Pursuant to the Initial Order, as amended, the Stay Period expires on May 14, 2015. GASFRAC is seeking an extension of the Stay Period up to and including July 6, 2015 (the "Stay Extension").
67. It is the Monitor's view that the Stay Extension is necessary to allow the Company to complete the administration of the Canadian Claims Process and the US Claims Process and to hold the Creditors' Meeting.
68. As shown in the Cash Flow Projection, the Company will have adequate financial resources to finance its limited operations during the Stay Extension.
69. In the Monitor's view, GASFRAC is acting in good faith and with due diligence.

RECOMMENDATIONS

70. The Monitor respectfully recommends that the Court approve the:
- a) Meeting Order; and
 - b) Stay Extension.

Dated at Calgary, this 7th day of May, 2015.

ERNST & YOUNG INC.
in its capacity as Court-Appointed
Monitor of GASFRAC and not in
its personal or corporate capacity



Neil Narfason, CA•CIRP, CBV
Senior Vice-President



Cassie Riglin, CA
Manager

Appendix A

GASFRAC Energy Services Inc.
Forecast to Actual Results
\$000 CAD, unaudited

March 7 - May 1, 2015

	Forecast	Actuals	Variance (\$)	Variance (%)	Notes
Opening Net Cash Position	(34,478)	(34,478)			
Cash Receipts					
Canada	3,827	72,933	69,106	1806%	1
US	14,945	5,442	(9,504)	-64%	2
Total Cash Receipts	12,073	78,375	59,603	494%	
Cash Disbursements					
Canada	(7,989)	(9,620)	(1,631)	20%	
US	(4,966)	(3,705)	1,261	-25%	
Total Cash Disbursements	(12,955)	(13,325)	(370)	3%	3
Effect of Foreign Exchange		(304)			4
Net Cash Flows	(882)	64,746			
Ending Net Cash Position	(35,360)	30,268			5

Notes

- 1 Canadian cash receipts include both the collection of accounts receivable and the net proceeds from the STEP transaction. The closing of a sale transaction was not included in the previous forecast. Approximately \$770,000 of Canadian accounts receivable remain outstanding.
- 2 US cash receipts are below forecast by \$9.5 million as a result of payments from BBOG and Chesapeake being deferred. Approximately \$9 million USD of US accounts receivable remain outstanding.
- 3 Total disbursements were \$0.4 million higher than forecast as a result of the costs of moving equipment to the locations required to close the STEP transaction.
- 4 The cash flows have been impacted by changes in foreign exchange rates as a result of the fluctuation in the CAD to USD exchange rate.
- 5 The ending net cash balance reflects the full repayment of the Company's secured lender on April 2, 2015. The ending cash balance is comprised of:

Cash held in trust by the Monitor	23,939
Cash held in trust by the Monitor's counsel	2,000
Cash held by the Company	4,329
Total	30,268

Approximately \$3.4 million of the amounts held in trust are held pending the resolution of disputed payments.

Appendix B

GASFRAC Energy Services Inc.
Consolidated Weekly Cash Flow
\$000 CAD, unaudited

	Notes	8-May-15	15-May-15	22-May-15	29-May-15	5-Jun-15	12-Jun-15	19-Jun-15	26-Jun-15	3-Jul-15	10-Jul-15	Total
Opening Net Cash Position	1,2	30,268	31,312	31,264	36,473	36,356	41,740	41,350	41,332	41,024	40,743	30,268
Cash Receipts												
Canada	3	1,088	69	-	-	3,551	-	-	-	-	-	4,708
US	4	399	-	5,948	-	2,625	-	-	-	-	-	8,972
Total Cash Receipts		1,487	69	5,948	-	6,175	-	-	-	-	-	13,680
Cash Disbursements	5											
Canada		(304)	(118)	(618)	(117)	(542)	(269)	(18)	(187)	(152)	(364)	(2,687)
US		(139)	-	(121)	-	(250)	(121)	-	(121)	(129)	(121)	(1,003)
Total Cash Disbursements		(443)	(118)	(739)	(117)	(792)	(390)	(18)	(308)	(281)	(485)	(3,690)
Net Cash Flows	6	1,044	(48)	5,209	(117)	5,384	(390)	(18)	(308)	(281)	(485)	9,990
Ending Net Cash Position	7&8	31,312	31,264	36,473	36,356	41,740	41,350	41,332	41,024	40,743	40,258	40,258

Accounts Receivable

Notes

1 The opening cash balance is comprised of:

Cash held in trust by the Monitor	23,939
Cash held in trust by the Monitor's counsel	2,000
Cash held by the Company	4,329
Total	30,268

Approximately \$3.4 million of the amounts held in trust are held pending the resolution of disputed payments.

2 The estimated FX rate for the forecast period is 1.21 which reflects the current Canadian dollar exchange rate.

3 Canadian cash receipts include the collection of the remaining accounts receivable balance of \$770,000, collection of a deposit of approximately \$500,000 with HSBC for credit cards which were cancelled, collection of the amount held in trust by the Company's legal counsel for employee bonus payments which the company has made and the receipt of approximately \$3 million from STEP which was held back from the sale transaction pending satisfactory review of the remaining equipment comprising the transaction. The Company anticipates the payment from STEP may be higher.

4 US cash receipts are comprised of the collection of approximately \$4.9 million USD in receivables from work completed for Chesapeake Energy Corp., collection of outstanding receivables from Kinder Morgan H&S Energy and Blackbird Energy for a total of approximately \$460,000 USD, receipt of proceeds from a minor asset disposition of \$330,000 USD, and collection of the remaining balance owed by BBOG of approximately \$2.1 million USD.

5 Cash disbursements are comprised primarily of head office costs and costs associated with a significantly reduced workforce to manage the administration of the Company through to the completion of the CCAA proceedings.

6 Net cash flows in the Forecast show a positive net cash flow of approximately \$10 million as a result of primarily incurring lower administration costs while collecting receivables.

7 This cash flow shows that there are no additional financing needs expected to close GASFRAC's corporate transaction.

8 In addition to the 'Ending Net Cash Position' as shown above the following proposed charges are NOT captured within the Forecast Period and would be payable as a backstop if the expenses were incurred and not funded during the Forecast Period:

Administration	1,500,000	- note this amount includes CIBC
Critical Suppliers	1,850,000	
D&O	1,100,000	- note this is the company's estimate of the maximum exposure at any given time during the Forecast Period
	4,450,000	