

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

ENRICO VACCARO, F. GREGORY
DENEEN, and WILLIAM SLATER, on behalf
of themselves and all others similarly situated,

Plaintiffs,

v.

NEW SOURCE ENERGY PARTNERS L.P.,
KRISTIAN B. KOS, TERRY L. TOOLE,
DIKRAN TOURIAN, RICHARD D. FINLEY,
V. BRUCE THOMPSON, JOHN A. RABER,
STIFEL, NICOLAUS & COMPANY, INC.,
ROBERT W. BAIRD & CO. INC., JANNEY
MONTGOMERY SCOTT LLC,
OPPENHEIMER & CO. INC., and
WUNDERLICH SECURITIES, INC.,

Defendants.

Civil Action No. 1:15-cv-08954 (KMW)

Hon. Kimba M. Wood

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (together with all Exhibits and Schedules thereto, the “Stipulation”), dated as of June 19, 2017, which is entered into by and among (i) Lead Plaintiffs (defined herein), on their own behalf and on behalf of the Settlement Class (as defined herein), (ii) Individual Defendants (defined herein) and (iii) the Underwriter Defendants (defined herein) (and with Individual Defendants, the “Settling Defendants”), by and through their undersigned attorneys, states all of the terms of the settlement and resolution of this matter by the Settling Parties (as defined herein) and is intended by the Settling Parties fully and finally to release, resolve, and discharge the Released Claims (as defined herein) against the Released Parties (as defined herein), subject to the approval of the United States District Court for the Southern District of New York (the “Court”).

Throughout this Stipulation, all terms used with initial capitalization, but not immediately defined, shall have the meanings ascribed to them in Section 1 below.

WHEREAS:

A. The Action

This action was filed on October 21, 2015, in New York State Supreme Court, New York County as *Vaccaro v. New Source Energy Partners L.P., et al.*, Case no. 653497-2015, asserting claims pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the “Securities Act”), arising out of the May 5, 2015 offering by New Source Energy Partners L.P. (“New Source” or the “Partnership”) of Series A Preferred Units (defined herein). On November 13, 2015, the Individual Defendants and New Source filed a notice of removal, thereby removing the action to the United States District Court for the Southern District of New York, styled as *Vaccaro v. New Source Energy Partners L.P., et al.*, Case No. 1:15-cv-08954.

On January 24, 2016, Enrico Vaccaro (“Vaccaro”), F. Gregory Deneen (“Deneen”), and William Slater (“Slater”) moved to be appointed Lead Plaintiffs. (Dkt. No. 7). On March 28, 2016, the Court appointed Vaccaro, Deneen, and Slater as Lead Plaintiffs and approved their selection of Co-Lead Counsel (defined below). (Dkt. No. 15).

On March 30, 2016, New Source Energy GP, LLC and its affiliate, defendant New Source, filed voluntary petitions for relief under chapter 7 and 11 of the United States Bankruptcy Code. Pursuant to § 362(a) of the Bankruptcy Code, New Source’s filing of its voluntary petition operated as an automatic stay of this Action against New Source.

Following further investigation of the claims asserted in the complaint, on June 20, 2016, Lead Plaintiffs filed the Amended Class Action Complaint (“Amended Complaint”) (Dkt. No. 19). The Settling Defendants filed motions to dismiss the Amended Complaint on August 19,

2016. (Dkt. Nos. 25, 28). After the motions to dismiss were fully briefed, the Court granted the Settling Defendants' motions to dismiss and permitted Lead Plaintiffs to file an amended complaint. (Dkt. No. 37).

Lead Plaintiffs conducted further investigation and on January 19, 2017 filed the Second Amended Class Action Complaint ("SAC"). (Dkt. No. 38). The Settling Defendants filed motions to dismiss the SAC on March 9, 2017. (Dkt. Nos. 40, 43). Lead Plaintiffs filed their oppositions to both motions to dismiss the SAC on April 6, 2017. (Dkt. Nos. 45, 46).

B. The Settlement

Before the Settling Defendants filed their replies in further support of their motions to dismiss, the Settling Parties conducted intensive settlement negotiations, and the Settling Parties reached a settlement in principle of \$2.85 million. On May 4, 2017, the Settling Parties submitted to the Court a Stipulation and [Proposed] Order to Stay Case Pending Negotiations and Execution of Settlement Agreement. (Dkt. 49). The Court stayed the Action on May 5, 2017. (Dkt. 50).

This Stipulation memorializes the agreement between the Settling Parties fully and finally to settle the Action and fully to release all claims asserted against the Settling Defendants and the Released Parties with prejudice in return for specified consideration.

C. Settling Defendants' Denial Of Wrongdoing And Liability

Throughout the course of the Action, Settling Defendants have denied and continue to deny any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted in the SAC. Settling Defendants have also denied, *inter alia*, the allegations that Lead Plaintiffs or the Settlement Class have suffered damage or that Lead Plaintiffs or the Settlement Class were harmed by the conduct alleged in the Action.

Settling Defendants deny any allegations of Lead Plaintiffs that Settling Defendants engaged in wrongdoing in any way. Settling Defendants have agreed to enter into this Stipulation due to the costs associated with prosecuting Settling Defendants' motions to dismiss, as well as the associated litigation risk. Nothing in this Stipulation shall be construed as any admission by either any of the Settling Defendants or any of the Released Parties of any wrongdoing, fault, liability, or damages whatsoever.

D. Lead Counsel and Lead Plaintiffs' Statement Regarding the Fairness of the Settlement

Lead Counsel and Lead Co-Counsel and Lead Plaintiffs have carefully considered the fairness, reasonableness, and adequacy of the Settlement to all class members—including absent class members—who would be bound by the Settlement, and have concluded that the Settlement is in the best interest of all class members. Although Lead Counsel and Lead Plaintiffs believe the substantive class claims have merit, the advantages of the proposed settlement for all class members are considerable compared to the probable outcome of a trial on the merits. Lead Counsel anticipated that, had the case survived Settling Parties' motions to dismiss, continued litigation would have entailed expensive and time-consuming discovery, made even more difficult by the liquidation of the insolvent issuer, New Source, who is believed to have had at one time in its possession or control a substantial portion, if not all, of the relevant documents. The trial would have been complex and lengthy and necessitated the use of several expert witnesses. The discovery process and trial likely would not have been completed for years, requiring great expenditure of time and money on behalf of both parties and the Court. Serious settlement discussions did not commence until after a year and a half of vigorous litigation had transpired. Moreover, Settling Parties have substantial defenses—set forth in their motions to

dismiss the Second Amended Class Complaint—that present considerable risk of establishing liability. These factors all weigh in favor of settlement.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Lead Plaintiffs, for themselves and on behalf of the Settlement Class, and the Settling Defendants by and through their respective undersigned counsel that, subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Settling Parties from the Settlement set forth herein, the Action and the Released Claims as against the Released Parties shall be finally and fully compromised and settled, the Action shall be dismissed with prejudice, and the Released Claims shall be finally and fully released as against the Released Parties, upon and subject to the terms and conditions of this Stipulation, as follows.

1. Definitions

In addition to the terms defined above, the following capitalized terms, used in this Stipulation, shall have the meanings specified below:

1.1. “Action” means the putative class action captioned *Vaccaro v. New Source Energy Partners L.P., et al.*, Case No. 1:15-cv-08954 (KMW) (S.D.N.Y.).

1.2. “Administrative Costs” means all costs and expenses associated with providing notice of the Settlement to the Settlement Class and otherwise administering or carrying out the terms of the Settlement. Such costs may include, without limitation: escrow agent costs, the costs of publishing summary notice, and the costs of printing and mailing the full Notice and Proof of Claim, as directed by the Court. Such costs do not include legal fees.

1.3. “Authorized Claimant” means any Settlement Class Member who is a Claimant and whose claim for recovery has been allowed pursuant to the terms of this Stipulation, the exhibits hereto, and any order of the Court.

1.4. “Claimant” means any Settlement Class Member who files a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

1.5. “Claims” means any and all manner of claims, demands, rights, actions, potential actions, causes of action, liabilities, duties, damages, losses, diminutions in value, obligations, agreements, suits, fees, attorneys’ fees, expert or consulting fees, debts, expenses, costs, sanctions, judgments, decrees, matters, issues, and/or controversies of any kind or nature whatsoever, whether known or unknown, contingent or absolute, liquidated or not liquidated, accrued or unaccrued, suspected or unsuspected, disclosed or undisclosed, apparent or not apparent, foreseen or unforeseen, matured or not matured, which now exist, or heretofore or previously existed, or may hereafter exist. “Claims” includes, but is not limited to, any claims arising under federal, state, common law, statute, rule, or regulation relating to alleged fraud, negligence, fraudulent conveyance, avoidance, violations of the Securities Act, as amended and rules promulgated thereunder, the Securities Exchange Act of 1934, as amended and rules promulgated thereunder, violations of other federal securities laws, or otherwise, whether individual, class, direct, derivative, representative, on behalf of others, legal, equitable, regulatory, governmental, or of any other type or in any other capacity.

1.6. “Claims Administrator” means Strategic Claims Services, which shall administer the Settlement.

1.7. “Co-Lead Counsel” means the law firms of The Rosen Law Firm, P.A. and Wolf Haldenstein Adler Freeman & Herz LLP.

1.8. “Defendants” means New Source Energy Partners L.P., Kristian B. Kos, Terry L. Toole, Dikran Tourian, Richard D. Finley, V. Bruce Thompson and John A. Raber, Stifel, Nicolaus & Company, Inc., Robert W. Baird & Co. Inc., Janney Montgomery Scott LLC, Oppenheimer & Co. Inc., and Wunderlich Securities, Inc.

1.9. “Escrow Account” means an interest-bearing escrow account established by the Escrow Agents or their appointed agent. The Escrow Account shall be managed by the Escrow Agents, subject to the Court’s supervisory authority, for the benefit of Lead Plaintiffs and the Settlement Class in accordance with the terms of the Stipulation.

1.10. The “Escrow Agents” are The Rosen Law Firm, P.A. and Wolf Haldenstein Adler Freeman & Herz LLP or their appointed agent. The Escrow Agents shall perform the duties as set forth in this Stipulation.

1.11. “Effective Date” means the first date by which all of the events and conditions specified in ¶ 10.5 of this Stipulation have been met and have occurred.

1.12. “Final,” when referring to the Final Judgment, means exhaustion of all possible appeals, meaning (i) if no appeal or request for review is filed, the day after the date of expiration of any time for appeal or review of the Final Judgment, and (ii) if an appeal or request for review is filed, the day after the date the appeal or request for review is dismissed, or the Final Judgment is upheld on appeal or review in all material respects, and is not subject to further review on appeal or by certiorari or otherwise; provided, however, that any dispute or appeals relating solely to the amount, payment or allocation of attorneys’ fees and expenses or the Plan of Allocation shall have no effect on finality for purposes of determining the date on which the Final Judgment becomes Final.

1.13. “Final Judgment” means the order and judgment to be entered by the Court approving the Settlement, materially in the form attached hereto as Exhibit B.

1.14. “Individual Defendants” means Kristian B. Kos, Terry L. Toole, Dikran Tourian, Richard D. Finley, V. Bruce Thompson and John A. Raber.

1.15. “Lead Plaintiffs” means Enrico Vaccaro, F. Gregory Deneen, and William Slater.

1.16. “Notice” means the “Notice of Proposed Settlement of Class Action and Settlement Fairness Hearing, and Motion for Attorneys’ Fees and Reimbursement of Expenses,” which is to be sent to Settlement Class Members substantially in the form attached hereto as Exhibit A-1.

1.17. “Opt-Out” means any one of, and “Opt-Outs” means all of, any Persons who otherwise would be Settlement Class Members and have timely and validly requested exclusion from the Settlement Class in accordance with the provisions of the Preliminary Approval Order and the Notice given pursuant thereto.

1.18. “Person” means individual, corporation, fund, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, or any other business or legal entity, including, as applicable, his, her, or its spouses, heirs, predecessors, successors, representatives, or assigns.

1.19. “Plan of Allocation” means a plan or formula for allocating the Settlement Fund to Authorized Claimants after payment of Administrative Costs, Taxes and Tax Expenses, and such attorneys’ fees, costs, and expenses as may be awarded by the Court. Any

Plan of Allocation is not a condition to the effectiveness of this Stipulation, and the Released Parties shall have no responsibility or liability with respect thereto.

1.20. “Preliminary Approval Order” means the proposed order preliminarily approving the Settlement and directing notice thereof to the Settlement Class substantially in the form attached hereto as Exhibit A.

1.21. “Proof of Claim” means the Proof of Claim to be submitted by Claimants, substantially in the form attached as Exhibit A-2.

1.22. “Released Claims” means any and all Claims, including Unknown Claims, that have been, could have been, or in the future can or might be asserted in any federal, state or foreign court, tribunal, forum or proceeding by on or behalf of any of the Releasing Parties against any one or more of the Released Parties, whether any such Released Parties were named, served with process, or appeared in the Action, which directly or indirectly arise out of or relate to (i) the subject matter of the Action or any of the claims asserted in the Action, (ii) the purchase or sale of New Source Series A Preferred Units by any of the Releasing Parties prior to October 21, 2015, and (iii) any claims in connection with, based upon, arising out of, or relating to the Settlement (but excluding any claims to enforce the terms of the Settlement).

1.23. “Released Parties” means Defendants and, as applicable, each of their current and former respective parent entities, affiliates, subsidiaries, predecessors, successors, family members, associates, executors, personal representatives, heirs, beneficiaries, estates, agents, and assigns, and, as to each of the foregoing, as applicable, all of their past, present or future officers, directors, employees, managers, members, managing members, fiduciaries, managing directors, principals, advisors, agents, managing agents, direct or indirect equity holders, controlling persons, current or former partners and principals, general or limited

partners or partnerships, attorneys, consultants, accountants, auditors, underwriters, engineers, advisors, financial advisors, investment advisors, commercial bank lenders, banks, investment bankers, associates, member firms, joint ventures, limited liability companies, corporations, divisions, trusts, trustees, foundations, beneficiaries, distributors, heirs, executors, personal or legal representatives, estates, administrators, predecessors, successors, indemnitors, related or affiliated entities, and any other representatives of any of these persons or entities or their successors.

1.24. “Releasing Parties” means the Lead Plaintiffs, each and every member of the Settlement Class and, as applicable, each of their respective estates, heirs, devisees, legatees, beneficiaries, representatives, executors, administrators, predecessors, successors, joint tenants, tenants in common, attorneys, insurers, assigns, parent entities, affiliates, subsidiaries, or any other Person claiming through or on behalf of them, and any Persons they represent.

1.25. “SAC” means the Second Amended Class Action Complaint filed by the Lead Plaintiffs on January 19, 2017. (Dkt. No. 38).

1.26. “Series A Preferred Units” means New Source’s 11% Series A Cumulative Convertible Preferred Units.

1.27. “Settlement” means the settlement contemplated by this Stipulation.

1.28. “Settlement Amount” means the sum of \$2,850,000 (two million eight hundred fifty thousand U.S. dollars).

1.29. “Settlement Class” means all Persons (including, without limitation, their beneficiaries) who purchased Series A Preferred Units of New Source pursuant and/or traceable to its May 5, 2015 public offering prior to the commencement of this Action on

October 21, 2015. Excluded from the Settlement Class are (i) Opt-Outs and (ii) Defendants and any entity in which the Defendants have a controlling interest, and the officers, directors, affiliates, legal representatives, immediate family members, heirs, successors, subsidiaries and/or assigns of any such individual or entity in their capacity as such.

1.30. “Settlement Class Member” means any one of, and “Settlement Class Members” means all of, the Persons who are members of the Settlement Class.

1.31. “Settlement Hearing” means the hearing at or after which the Court will make a final decision pursuant to Rule 23 of the Federal Rules of Civil Procedure as to whether the Settlement contained in the Stipulation is fair, reasonable and adequate, and therefore, should receive final approval from the Court.

1.32. “Settling Party” means any one of, and “Settling Parties” means all of, the parties to the Stipulation, namely Lead Plaintiffs on behalf of themselves and the Settlement Class, the Individual Defendants, and the Underwriter Defendants.

1.33. “Underwriter Defendants” means Stifel, Nicolaus & Company, Inc., Robert W. Baird & Co. Inc., Janney Montgomery Scott LLC, Oppenheimer & Co. Inc., and Wunderlich Securities, Inc.

1.34. “Unknown Claims” means any and all Released Claims against the Released Parties which any Releasing Party does not know or suspect to exist in his, her or its favor as of the Effective Date, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that by operation of the Final Judgment, upon the Effective Date, Releasing Parties shall have expressly waived the provisions, rights and benefits of Cal. Civ. Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

and any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542.

Releasing Parties may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Releasing Parties shall expressly, fully, finally, and forever settle, and release, and, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Settling Parties acknowledge, and Releasing Parties shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was a key element of the Settlement.

2. The Settlement Consideration

2.1. In consideration for the promises and obligations contained herein and the full and final release, settlement and discharge of all Released Claims against the Released Parties, the Settling Parties have agreed that, subject to the terms of the Stipulation,

Settling Defendants shall pay or cause to be paid the Settlement Amount to be deposited into the Escrow Account, under the control of the Escrow Agents, within twenty (20) business days of (i) the Settling Defendants receipt of notice of the Court's entry of the Preliminary Approval Order and (ii) the Settling Defendants' receipt of wire instructions and W-9 Forms for the Escrow Account. The funds transferred to the Escrow Account pursuant to this paragraph, and any interest earned thereon, are referred to as the "Settlement Fund."

2.2. Under no circumstances will the Settling Defendants be required to pay more than the Settlement Amount pursuant to this Stipulation and the Settlement for any reason whatsoever, including, without limitation, as compensation to any Settlement Class Member or Releasing Party or in payment of any fees, Taxes or Tax Expenses, or expenses incurred by any Settlement Class Member, Releasing Party, or Co-Lead Counsel.

3. Handling And Disbursement Of Funds By The Escrow Agents

3.1. No monies will be disbursed from the Settlement Fund until after the Effective Date except:

- (a) As provided in ¶ 3.4 below;
- (b) As provided in ¶ 10.9 below, if applicable; and
- (c) To pay Taxes and Tax Expenses (as defined in ¶ 4.1 below) on the income earned by the Settlement Fund.

3.2. The Escrow Agents may invest any funds (other than security interests in assets) deposited into the Settlement Fund in short term instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof, and may reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. Settling Defendants, their

counsel, and the Released Parties shall have no responsibility for, interest in, or any liability whatsoever with respect to any investment decision executed by the Escrow Agents. The Settlement Fund shall bear all risks related to the investments of the Settlement Amount in accordance with the guidelines set forth in this paragraph.

3.3. The Escrow Agents shall not disburse the Settlement Fund except as provided in this Stipulation or by an order of the Court.

3.4. At any time after the Court grants preliminary approval of the Settlement, the Escrow Agents may, without further approval from Settling Defendants or the Court, disburse at the direction of Co-Lead Counsel up to \$175,000.00 from the Settlement Fund prior to the Effective Date to pay the Administrative Costs.

4. Taxes

4.1. The Settling Parties agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treasury Regulation § 1.468B-1. In addition, Co-Lead Counsel or its designee shall timely make such elections as necessary or advisable to carry out the provisions of this ¶ 4.1, including the “relation-back election” (as defined in Treasury Regulation § 1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of Co-Lead Counsel or its designee to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(a) For purposes of § 468B of the Internal Revenue Code of 1986, as amended, and Treasury Regulation § 1.468B-2(k)(3) promulgated thereunder, the “administrator” shall be Co-Lead Counsel or its designee. Co-Lead Counsel or its designee shall

timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including without limitation the returns described in Treasury Regulation § 1.468B-2(k)). Such returns (as well as the election described in this ¶ 4.1) shall be consistent with this ¶ 4.1 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in this Stipulation.

(b) All Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the Released Parties with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (“Taxes”), and expenses and costs incurred in connection with the operation and implementation of this ¶ 4.1 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses or penalties relating to filing (or failing to file) the returns described in this ¶ 4.1) (“Tax Expenses”), shall be paid out of the Settlement Fund, as appropriate. Released Parties shall have no liability or responsibility for the Taxes or the Tax Expenses. Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid out of the Settlement Fund without prior order from the Court. The Escrow Agents shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be withheld under Treasury Regulation § 1.468B-2(1)(2)). The Released Parties shall have no responsibility for, interest in, or any liability whatsoever with respect to the foregoing

provided in this ¶ 4.1. The Settling Parties agree to cooperate with each other, and their tax attorneys and accountants, to the extent reasonably necessary to carry out the provisions of this ¶ 4.1.

5. Preliminary Approval Order, Notice Order, And Settlement Hearing

5.1. Co-Lead Counsel shall submit this Stipulation and its exhibits to the Court and shall apply for preliminary approval of the Settlement set forth in this Stipulation, entry of a preliminary approval order, and approval for the mailing and dissemination of notice, and Proof of Claim, substantially in the form of Exhibits A, A-1, and A-2. The mailed Notice (Exhibit A-1) shall include the general terms of the Settlement and the provisions of the Plan of Allocation, and shall set forth the procedure by which recipients of the Notice may object to the Settlement or the Plan of Allocation or request to be excluded from the Settlement Class. The date and time of the Settlement Hearing shall be added to the Notice before it is mailed or otherwise provided to Settlement Class Members.

5.2. To assist in dissemination of notice, the Individual Defendants will cooperate in obtaining the names and contact information of the Settlement Class Members and their nominees or custodians.

5.3. At the time of the submission described in ¶ 5.1 hereof, Co-Lead Counsel shall request that, after the Notice is provided, the Court hold the Settlement Hearing and (i) approve the Settlement as set forth herein and (ii) enter judgment substantially in the form of Exhibit B hereto, as promptly after the Settlement Hearing as possible.

6. Releases And Covenants Not To Sue

6.1. Upon the Effective Date, as defined in ¶ 1.11 hereof, the Releasing Parties, regardless of whether any such Releasing Party ever seeks or obtains by any means,

including without limitation by submitting a Proof of Claim, any disbursement from the Settlement Fund, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Parties and shall have covenanted not to sue the Released Parties with respect to all such Released Claims, and shall be permanently barred and enjoined from asserting, commencing, prosecuting, instituting, assisting, instigating, or in any way participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any Released Claim, either directly, representatively, derivatively, or in any other capacity, against any of the Released Parties. Nothing contained herein shall, however, bar the Releasing Parties from bringing any action or claim to enforce the terms of this Stipulation or the Final Judgment.

6.2. Upon the Effective Date, as defined in ¶ 1.11 hereof, Settling Defendants, on behalf of themselves, and, as applicable, their heirs, executors, predecessors, successors and assigns, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Lead Plaintiffs, Settlement Class Members, and Co-Lead Counsel from all Claims which arise out of, concern or relate to the institution, prosecution, settlement, or dismissal of the Action (the “Defendants’ Released Claims”), and shall be permanently enjoined from prosecuting the Defendants’ Released Claims against the Lead Plaintiffs, Settlement Class Members, and Co-Lead Counsel. Nothing contained herein shall, however, bar the Settling Defendants or any Released Party from bringing any action or claim to enforce the terms of this Stipulation or the Final Judgment.

7. Administration And Calculation Of Claims, Final Awards And Supervision And Distribution Of The Settlement Fund

7.1. Under the supervision of Co-Lead Counsel, acting on behalf of the Settlement Class, and subject to such supervision and direction of the Court as may be necessary

or as circumstances may require, the Claims Administrator shall administer and calculate the claims submitted by Settlement Class Members and shall oversee distribution of the Net Settlement Fund (as defined below) to Authorized Claimants.

7.2. The Settlement Fund shall be applied as follows:

- (a)** To pay the Taxes and Tax Expenses described in ¶ 4.1 above;
- (b)** To pay Administrative Costs;
- (c)** To pay any case contribution awards to Lead Plaintiffs;
- (d)** To pay Co-Lead Counsel’s attorneys’ fees and expenses (the “Fee and Expense Award”), to the extent allowed by the Court; and
- (e)** To distribute the balance of the Settlement Fund, that is, the Settlement Fund less the items set forth in ¶ 7.2(a), (b), and (c) hereof (the “Net Settlement Fund”), to the Authorized Claimants as allowed by this Stipulation, the Plan of Allocation, or the Court.

7.3. Upon and after the Effective Date, and in accordance with the terms of the Plan of Allocation or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants subject to and in accordance with the Plan of Allocation set forth in the Notice. The Net Settlement Fund shall be distributed to Authorized Claimants by the Claims Administrator upon application to the Court by Co-Lead Counsel for a settlement class distribution order only after all of the following having occurred: (i) the Effective Date; (ii) all claims have been processed, and all Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (iii) all objections with respect to all rejected or disallowed claims

have been resolved by the Court, and all appeals therefrom have been resolved or the time therefor has expired; (iv) all matters with respect to Attorneys' Fees and Expenses, costs, and disbursements have been resolved by the Court, and all appeals therefrom have been resolved or the time therefor has expired; and (v) all costs of administration have been paid.

7.4. This is not a claims-made settlement, and if all conditions of the Stipulation are satisfied and the Final Judgment becomes Final, no portion of the Settlement Fund will be returned to Settling Defendants. Neither Settling Defendants nor their counsel shall have any responsibility for, interest in, or liability whatsoever with respect to the investment or distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection therewith. No Person shall have any claims against Co-Lead Counsel, the Claims Administrator or any other agent designated by Co-Lead Counsel based on distribution determinations or claim rejections made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or orders of the Court. Plaintiffs' Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim filed, where doing so is in the interest of achieving substantial justice.

7.5. It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a condition of this Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in this Stipulation. Any order or proceedings relating to the Plan of Allocation, or any appeal from any order relating thereto or

reversal or modification thereof, shall not operate to modify, terminate or cancel this Stipulation, or affect or delay the finality of the Final Judgment, or any other orders entered pursuant to this Stipulation.

7.6 If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Settlement Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be re-distributed, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such redistribution, to Settlement Class Members who have cashed their checks and who would receive at least \$10.00 from such re-distribution. If any funds shall remain in the Net Settlement Fund six months after such re-distribution, then such balance shall be contributed to a non-sectarian charity or any not-for-profit successor of it chosen jointly by Counsel for the Settling Parties.

8. Co-Lead Counsel's Attorneys' Fees And Reimbursement Of Expenses

8.1. Co-Lead Counsel may submit an application or applications (the "Fee and Expense Application") for distributions from the Settlement Fund to Co-Lead Counsel for (i) an award of attorneys' fees; (ii) reimbursement of actual costs and expenses, including the fees and expenses of experts and/or consultants, incurred in connection with prosecuting the Action; and (iii) a case contribution award to Lead Plaintiffs. Defendants shall not oppose the Fee and Expense Application.

8.2. Except as otherwise provided in this paragraph, the attorneys' fees and expenses awarded by the District Court shall be paid to Co-Lead Counsel from the

Settlement Fund within two (2) business days of the date the Court enters an order awarding such fees and expenses. In the event that the Effective Date does not occur, or the Order and Final Judgment is reversed or modified in any way that affects the award of attorneys' fees and expenses, or the Stipulation is terminated for any other reason, then each plaintiffs' counsel receiving fees or expenses under this provision shall, within ten (10) business days from receiving notice from Settling Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund, either the full amount of the fees and expenses previously received by it pursuant to these provisions or an amount consistent with any modification of the Order and Final Judgment with respect to the fee and expense award. Co-Lead Counsel and any other plaintiffs' counsel's law firm that receives fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph, and each shall be liable for repayment of all attorneys' fees and expenses awarded by the Court.

8.3. The procedure for, and allowance or disallowance by the Court of, any application by Co-Lead Counsel for attorneys' fees, expenses, including the fees and expenses of experts and/or consultants, and/or case contribution awards for Lead Plaintiffs are not a condition of the Settlement set forth in this Stipulation and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in this Stipulation. Any order of or proceedings relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to modify, terminate or cancel this Stipulation, or affect or delay the finality of the Final Judgment or any other orders entered pursuant to this Stipulation.

8.4. Any award of attorneys' fees and/or expenses and/or any case contribution award shall be paid solely from the Settlement Fund and shall reduce the settlement consideration paid to the Settlement Class accordingly. The Released Parties shall have no responsibility for, and no liability whatsoever with respect to, any payments to Co-Lead Counsel or the Lead Plaintiffs and/or any other Person who receives payment from the Settlement Fund.

9. Class Certification

9.1. In the Final Judgment, the Settlement Class shall be certified for purposes of this Settlement, but in the event that the Final Judgment does not become Final or the Settlement fails to become effective for any reason, all Settling Parties reserve all their rights on all issues, including whether a class should be certified in the Action. For settlement purposes only, in connection with the Final Judgment, Settling Defendants shall consent to (i) the appointment of Lead Plaintiffs as the class representatives, (ii) the appointment of Co-Lead Counsel as class counsel, and (iii) the certification of the Settlement Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure.

10. Conditions Of Settlement, Effect of Disapproval, Cancellation Or Termination

10.1. The Lead Plaintiffs, on behalf of the Settlement Class, and Settling Defendants shall each have the right to terminate the Settlement and Stipulation by providing written notice of his or its election to do so ("Termination Notice") to all other Settling Parties within fourteen (14) days of:

- (i) entry of a Court order declining to enter the Preliminary Approval Order in any material respect;
- (ii) entry of a Court order refusing to approve this Stipulation in any material respect;

(iii) entry of a Court order declining to enter the Final Judgment in any material respect; or

(iv) entry of an order by which the Final Judgment is modified or reversed in any material respect by the Court, the Court of Appeals or the United States Supreme Court.

10.2. If the Settlement Amount is not paid into the Escrow Account in accordance with paragraph 2.1 of this Stipulation, then the Lead Plaintiffs, on behalf of the Settlement Class, shall have the right to terminate the Settlement and Stipulation by providing written notice to Settling Defendants (“Failure to Fund Termination Notice”) at any time prior to the Court’s entry of the Final Judgment. Defendants may not terminate this Settlement and Stipulation if the Settlement Amount is not paid into the Escrow Account in accordance with paragraph 2.1 of this Stipulation.

10.3. The Settling Defendants shall each have the right to terminate the Settlement and Stipulation by providing a Termination Notice to all other Settling Parties within fourteen (14) days of the entry of any order from the United States Bankruptcy Court refusing to permit the release of insurance funds from the bankruptcy estates of New Source or New Source Energy GP, LLC for purposes of paying the Settlement Amount.

10.4. If prior to the Settlement Hearing, Persons, who otherwise would be members of the Settlement Class and have timely and validly requested exclusion from the Settlement Class in accordance with the provisions of the Preliminary Approval Order and Notice given pursuant thereto, in an amount greater than the amounts specified in a separate Supplemental Agreement between the Parties (the “Supplemental Agreement”), Settling Defendants, and each of them, in their sole and absolute discretion, shall have the option to

terminate this Settlement and Stipulation in accordance with the procedures set forth in the Supplemental Agreement.

10.5. The Effective Date of this Stipulation shall not occur unless and until each of the following events occurs and shall be the date upon which the last in time of the following events occurs:

(a) The Court has entered the Preliminary Approval Order attached hereto as Exhibit A or an order containing materially the same terms;

(b) The United States Bankruptcy Court has issued an order permitting the release of insurance funds from the bankruptcy estates of New Source or New Source Energy GP, LLC for purposes of paying the Settlement Amount;

(c) The sum of \$2,850,000 (two million eight hundred fifty thousand dollars) has been paid into the Escrow Account, as set forth in ¶ 2.1;

(d) The Court has approved the Settlement, following notice to the Settlement Class and the Settlement Hearing, and has entered the Final Judgment; and

(e) The Final Judgment has become Final as defined in ¶ 1.12.

10.6. Upon the occurrence of the Effective Date, any and all interest or right of Settling Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished, except as set forth in this Stipulation.

10.7. If some or all of the conditions specified in ¶ 10.5 above are not met, the Settling Parties, to the extent they all agree in writing, may nevertheless proceed with this Stipulation and Settlement. However, none of the Settling Parties shall have any obligation whatsoever to proceed under any terms other than those provided for and agreed herein.

10.8. In the event the Stipulation is terminated, the Settling Parties shall be restored to their respective positions in the Action immediately prior to May 3, 2017, and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered, and in that event all of their respective claims and defenses as to any issue in the Action shall be preserved without prejudice.

10.9. In the event the Stipulation is terminated, within seven (7) business days after the occurrence of such event, the Settlement Fund, less taxes and any Administrative Costs which have either been disbursed or are determined to be chargeable, shall be refunded by the Escrow Agent to Settling Defendants or their designee pursuant to written instructions from counsel for the Settling Defendants. At the request of counsel for Settling Defendants, at Settling Defendants' expense, Co-Lead Counsel or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, pursuant to written direction from counsel for Settling Defendants.

10.10. In the event that the Stipulation is terminated, the terms and provisions of this Stipulation, except for ¶¶ 10.8, 10.9, 10.10 or as otherwise provided herein, shall have no further force and effect and shall not be used in this Action or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*.

10.11. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs, expenses, and interest awarded by the Court to Co-Lead Counsel shall constitute grounds for termination of the Stipulation.

11. No Admission Of Liability

11.1. The Settling Parties covenant and agree that neither this Stipulation, nor any terms of the Settlement, nor any communication relating thereto, is evidence, or an admission or concession by any Settling Party or their counsel, any Settlement Class Member, or any of the Released Parties, of any fault, liability or wrongdoing whatsoever, as to any facts or claims alleged or asserted in the Action, or any other actions or proceedings, or as to the validity or merit of any of the claims or defenses alleged or asserted in any such action or proceeding. This Stipulation is not a finding or evidence of the validity or invalidity of any claims or defenses in the Action, any wrongdoing by any Settling Party, Settlement Class Member, or any of the Released Parties, or any damages or injury to any Settling Party, Settlement Class Member, or any Released Parties. Neither this Stipulation, nor any of the terms and provisions of this Stipulation, nor any of the negotiations or proceedings in connection therewith, nor any of the documents or statements referred to herein or therein, nor the Settlement, nor the fact of the Settlement, nor the Settlement proceedings, nor any statement in connection therewith, (a) shall (i) be argued to be, used or construed as, offered or received in evidence as, or otherwise constitute an admission, concession, presumption, proof, evidence, or a finding of any, liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any Released Party, or of any infirmity of any defense, or of any damages to the Lead Plaintiffs or any other Settlement Class Member, or (ii) otherwise be used to create or give rise to any inference or presumption against any of the Released Parties concerning any fact or any purported liability, fault, or wrongdoing of the Released Parties or any injury or damages to any person or entity, or (b) shall otherwise be admissible, referred to or used in any proceeding of any nature, for any purpose whatsoever; provided, however, that the Stipulation or the Final

Judgment may be introduced in any proceeding, whether in the Court or otherwise, as may be necessary to argue and establish that the Stipulation or Final Judgment has *res judicata*, collateral estoppel, or other issue or claim preclusion effect or to otherwise consummate or enforce the Settlement or Final Judgment, or as otherwise required by law.

12. Miscellaneous Provisions

12.1. Except in the event of the provision of a Termination Notice or Failure to Fund Termination Notice of this Stipulation, the Settling Parties shall take all actions necessary to consummate this agreement; and (b) agree to cooperate with each other to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation.

12.2. The Settling Parties and their counsel represent that they will not encourage or otherwise influence any Settlement Class Members to request exclusion from, or object to, the Settlement.

12.3. Each of the attorneys executing this Stipulation, any of its exhibits, or any related settlement documents on behalf of any Settling Party hereto hereby warrants and represents that he or she has been duly empowered and authorized to do so by the Settling Party he or she represents.

12.4. Lead Plaintiffs and Co-Lead Counsel represent and warrant that the Lead Plaintiffs are Settlement Class Members and none of the Lead Plaintiffs' claims or causes of action against one or more Defendants in the Action, or referred to in this Stipulation, or that could have been alleged against one or more Defendants in the Action, have been assigned, encumbered or in any manner transferred in whole or in part.

12.5. This Stipulation constitutes the entire agreement between the Settling Parties and supersedes any prior agreements. No representations, warranties or

inducements have been made to or relied upon by any Settling Party concerning this Stipulation. Except as otherwise provided herein, each Settling Party shall bear its own costs.

12.6. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Settling Parties or their counsel or their respective successors in interest.

12.7. This Stipulation shall be binding upon, and shall inure to the benefit of, the Settling Parties and their respective agents, successors, executors, heirs, and assigns.

12.8. The Released Parties who do not appear on the signature lines below are acknowledged and agreed to be third party beneficiaries of this Stipulation and Settlement and have the same rights to enforce this Stipulation and Settlement as the signatories hereto.

12.9. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

12.10. This Stipulation may be executed in any number of counterparts by any of the signatories hereto and the transmission of an original signature page electronically (including by facsimile or portable document format) shall constitute valid execution of the Stipulation as if all signatories hereto had executed the same document. Copies of this Stipulation executed in counterpart shall constitute one agreement.

12.11. This Stipulation, the Settlement, and any and all disputes arising out of or relating in any way to this Stipulation, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of laws principles.

12.12. The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of this Stipulation, and all parties hereto submit to the jurisdiction

of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation.

12.13. The Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations between the Settling Parties and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

12.14. All agreements by, between, or among the Settling Parties, their counsel, or their other advisors as to the confidentiality of information exchanged between or among them shall remain in full force and effect, and shall survive the execution and any termination of this Stipulation and the final consummation of the Settlement, if finally consummated, without regard to any of the conditions of the Settlement.

12.15. The Settling Parties shall not assert or pursue any action, claim or rights that any party violated any provision of Rule 11 of the Federal Rules of Civil Procedure in connection with the Action, the Settlement, or the Stipulation. The Settling Parties agree that the Action was resolved in good faith following arm's-length bargaining.

12.16. Any failure by any of the Settling Parties to insist upon the strict performance by any other Settling Party of any of the provisions of the Stipulation shall not be deemed a waiver of any of the provisions hereof, and such Settling Party, notwithstanding such failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Stipulation to be performed by the other Settling Parties to this Stipulation.


12.17. The waiver, express or implied, by any Settling Party of any breach or default by any other Settling Party in the performance by such Settling Party of its obligations

under the Stipulation shall not be deemed or construed to be a waiver of any other breach, whether prior, subsequent, or contemporaneous, under this Stipulation.

IN WITNESS WHEREOF, the Settling Parties have executed this Stipulation by their undersigned counsel effective as of the date set forth below.

Dated: June 19, 2017

THE ROSEN LAW FIRM, P.A.

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Dated: June 19, 2017

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IN WITNESS WHEREOF, the Settling Parties have executed this Stipulation by their undersigned counsel effective as of the date set forth below.

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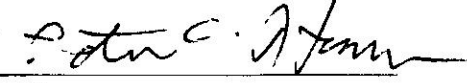
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Dated: June 19, 2017


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Dated: June 19, 2017

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Dated: June 19, 2017

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