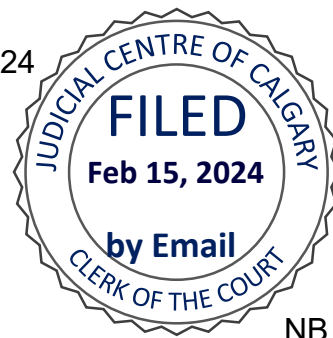


COM Feb 23, 2024



COURT FILE NUMBER 2301-16260  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

NB  
C21228

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

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF FREE REIN RESOURCES  
LTD.

DOCUMENT **SECOND REPORT OF FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS MONITOR OF FREE  
REIN RESOURCES LTD.**

**February 14, 2024**

ADDRESS FOR SERVICE AND  
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## SECOND REPORT OF THE MONITOR

### TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	2
<b>PURPOSE</b> .....	4
<b>BACKGROUND</b> .....	5
<b>TERM OF REFERENCE</b> .....	6
<b>ACTIVITIES OF THE MONITOR SINCE THE FIRST REPORT</b> .....	7
<b>FREE REIN’S OPERATIONS</b> .....	7
<b>NOTICES TO DISCLAIM</b> .....	9
<b>CASH FLOW AND BUDGET TO ACTUAL ANALYSIS</b> .....	10
<b>CASH FLOW STATEMENT</b> .....	12
<b>THE TRANSACTION</b> .....	15
<b>MONITOR’S COMMENTS ON THE TRANSACTION</b> .....	17
<b>DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS</b> .....	21
<b>RESIDUAL TRUST AND SETTLEMENT FUNDS</b> .....	27
<b>REMAINING TASKS TO COMPLETE THE ADMINISTRATION OF THE CCAA PROCEEDINGS</b> .....	28
<b>APPROVAL OF PROFESSIONAL FEES</b> .....	29
<b>TERMINATION OF THE CCAA PROCEEDINGS AND DISCHARGE OF THE MONITOR</b> .....	30
<b>REQUEST TO EXTEND THE STAY OF PROCEEDINGS</b> .....	30
<b>RECOMMENDATIONS</b> .....	31

Appendix “A” – Cash Flow Statement for the period ending May 4, 2024

Appendix “B” – CRA Letter dated January 22, 2024

## INTRODUCTION

1. On June 12, 2023, Free Rein Resources Ltd. (“**Free Rein**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) under subsection 50.4(1) of the *Bankruptcy and Insolvency Act*. FTI Consulting Canada Inc. (“**FTI Consulting**”) was appointed as proposal trustee (the “**Proposal Trustee**”) in the NOI proceedings (the “**NOI Proceedings**”) of Free Rein.
  
2. On July 11, 2023, the Court of King’s Bench of Alberta (the “**Court**”) granted an Order which, among other things:
  - (a) approved a first ranking administrative charge on all of the Company’s present and after-acquired assets, property and undertakings, not to exceed \$200,000 (the “**Administration Charge**”); and
  
  - (b) extended the stay of proceedings and time within which the Company was required to file a proposal to its creditors to August 25, 2023.
  
3. On August 25, 2023, the Court granted an Order which, among other things:
  - (a) extended the stay of proceedings and time within which the Company was required to file a proposal to its creditors to October 9, 2023;
  
  - (b) approved a sale and investment solicitation process (the “**SISP**”);
  
  - (c) approved a stalking horse term sheet (“**Stalking Horse Term Sheet**”). The Stalking Horse Term Sheet was in the form of a credit bid from Invico Diversified Income Limited Partnership (“**Invico**”), the Company’s senior secured creditor, which contemplated a non-cash credit bid resulting in a reduction of Invico’s debt, a cash component consisting of any payables in priority to the Invico debt and paying cure costs of any assumed contracts; and

- (d) authorized the Proposal Trustee, with the assistance of the Company, to administer the SISP.
4. On October 5, 2023, the Court granted an Order which, among other things extended the stay of proceedings and time within which the Company was required to file a proposal to its creditors to November 23, 2023.
  5. On November 23, 2023, the Court granted an Order which, among other things extended the stay of proceedings and time within which the Company was required to file a proposal to its creditors to December 12, 2023.
  6. On December 7, 2023 (the “**Filing Date**”), Invico (in such capacity, the “**Applicant**”), sought and obtained an initial order (the “**Initial Order**”) and an amended and restated initial order (the “**ARIO**”) granting, among other things, a continuation of Free Rein’s NOI Proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA Proceedings**”).
  7. The ARIO, among other things, established a stay of proceedings (the “**Stay of Proceedings**”) in favour of Free Rein up to and including January 31, 2024, appointed FTI Consulting as Monitor with enhanced powers (the “**Monitor**”) pursuant to the provisions of the CCAA and provided for a continuation of the Administration Charge granted in the NOI Proceedings.
  8. On January 22, 2024, the Court granted an Order which, among other things extended the Stay of Proceedings up to and including March 15, 2024.

9. On February 5, 2024 and February 14, 2024, the Applicant filed notices of application returnable on February 23, 2024 (the “**February 23 Application**”) seeking, among other things, approval of a reverse vesting order (“**RVO**”), authorizing the sale of the business and property of Free Rein pursuant to a subscription agreement (the “**SA**”) between Invico and FTI Consulting in its capacity as Monitor and seeking an extension of the Stay of Proceedings until and including April 30, 2024.
10. Electronic copies of all materials filed by the Applicant in connection with the February 23, 2024 application and other statutory materials are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/freerein/> (the “**Monitor’s Website**”).

## **PURPOSE**

11. The Monitor has reviewed the application materials filed by the Applicant in support of the February 23 Application. The purpose of this report (this “**Report**”) is to provide this Honourable Court and Free Rein’s stakeholders with information and the Monitor’s comments with respect to the following:
  - (a) the activities of the Monitor since the first report of the Monitor dated January 17, 2024 (the “**First Report**”);
  - (b) an update on the status of the Company’s operations;
  - (c) the budget to actual results against the cash flow statement filed for the period ended February 10, 2024;
  - (d) the Company’s cash flow statement (the “**CFS#3**”) for the 12-week period ending May 4, 2024 (the “**Forecast Period**”) and the key assumptions on which the CFS#3 is based;

- (e) an update on the status of the transaction contemplated by the SA (the “**Transaction**”) and the Monitor’s comments on the Transaction;
  - (f) the details of the secured and potential priority claims in these CCAA Proceedings;
  - (g) the remaining tasks to complete the administration of the CCAA Proceedings and the Residual Trust (as defined below);
  - (h) approval of the fees and disbursements of the Proposal Trustee and the Monitor and its legal counsel;
  - (i) termination of the CCAA Proceedings and discharge of the Monitor;
  - (j) the Applicant’s request for an extension to the Stay of Proceedings up to and including April 30, 2024; and
  - (k) the Monitor’s recommendation with respect to the above.
12. This Report should be read in conjunction with the Affidavit of Chris Wutzke, affirmed on February 2, 2024 (the “**Wutzke Affidavit #3**”), which describes in more detail Free Rein’s operations and circumstances leading to the current situation and the Transaction.

## **BACKGROUND**

13. Free Rein is a private corporation formed under the laws of Alberta. The Company’s petroleum and natural gas assets (“**P&NG Assets**”) are located primarily in Central Alberta in the Golden Spike area.
14. Additional background information on Free Rein and the CCAA Proceedings is available on the Monitor’s Website.

## TERM OF REFERENCE

15. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Wutzke Affidavit #3, and the SA.
16. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
17. Except as described in this Report:
  - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
  - (b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
  - (c) future oriented financial information reported or relied on in preparing this Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
18. The Monitor has prepared this Report in connection with the Applicant's February 23 Application. This Report should not be relied on for other purposes.
19. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Cassels Brock & Blackwell LLP (the "**Monitor's Counsel**"), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.

20. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

### **ACTIVITIES OF THE MONITOR SINCE THE FIRST REPORT**

21. The Monitor's activities since the date of the First Report have included the following:
- (a) monitoring the Company's finances (including cash flows) and operations, including consultation with the Alberta Energy Regulator;
  - (b) reviewing certain contracts and agreements in relation to the disclaimer and resiliation provisions contained in section 32(1) of the CCAA;
  - (c) participating in discussions with the Applicant and its counsel, Fasken Martineau DuMoulin LLP, regarding the Transaction and assisting with due diligence requests in respect of same;
  - (d) attending to numerous telephone and email inquiries from various customers and suppliers;
  - (e) responding to numerous enquiries from the Applicants' creditors and other stakeholders; and
  - (f) preparing this Report.

### **FREE REIN'S OPERATIONS**

22. During the NOI Proceedings, the P&NG Assets produced between approximately 400-450 barrels of oil equivalent ("boe") per day.



23. On November 24, 2023, Free Rein received notification from Tidewater Midstream and Infrastructure Ltd. (the “**Tidewater**”), the counter party to the Company’s Gas Handling Agreement (the “**GH Agreement**”) and Emulsion Handling Agreement (the “**EH Agreement**”) indicating that Tidewater:
- (a) was declaring a force majeure event due to receiving inlet gas volumes at levels below the minimum required volume to safely run the plant (the “**Tidewater Gas Plant**”);
  - (b) will be unable to accept, process and handle the Company’s natural gas and non-gas substances as per the GH Agreement and EH Agreement on or about December 1, 2023; and
  - (c) will notify the Company of any future changes in circumstances.

(the “**FM Notice**”).

24. As a result of the FM Notice, Free Rein was forced to shut in all of its producing wells because there are no other viable alternatives for gas transport and processing in the Company’s immediate vicinity.
25. On December 13, 2023, Free Rein submitted an emergency flaring application to the AER (the “**Flaring Application**”) in respect of certain of its wells that can produce both oil and natural gas. The Flaring Application would allow Free Rein to produce oil from those wells to be trucked to a refinery and flare the produced gas at the well-head, thus removing the need for the gas to be processed at a gas plant. The AER subsequently advised that Free Rein was permitted to flare produced gas if it met the requirements per section 2.11 in AER Directive 060.

26. Accordingly, the Company resumed production from three of its oil wells on December 20, 2023. The current production rate is approximately 60 boe per day. Even with the limited oil production the Company's cash flow has been severely impacted by the FM Notice.

## NOTICES TO DISCLAIM

27. The Monitor, in consultation with Invico, reviewed the Company's material agreements as part of their due diligence prior to completing the Transaction. Invico determined that certain agreements are not required and are not economically viable. Accordingly, and pursuant to Section 32(1) of the CCAA, the Monitor, on behalf of Free Rein, issued notices to disclaim contracts with the following parties:

- (a) a commercial lease agreement for Free Rein's corporate head office space between Free Rein and Great-West Life Assurance Company, London Life Insurance Company, TPP Investments 1 Inc. and PSS Investments 1 Inc. (collectively, the "**Landlord**") dated February 7, 2019. This disclaimer was not disputed by the Landlord and became effective January 31, 2024; and
- (b) a Memorandum of Understanding ("**MOU**") dated May 1, 2020, between Free Rein and Nucor Environmental Solutions Ltd. ("**Nucor**") in respect of a disposal well for the construction of a waste management facility. The MOU culminated in a letter agreement between Free Rein and Nucor dated June 1, 2020 (the "**Nucor Agreement**") providing for a joint venture agreement between Free Rein and Nucor. A disclaimer in respect of the MOU and Nucor Agreement was sent on February 7, 2024, and will become effective March 8, 2024.

28. Pursuant to section 32(2) of the CCAA, the counterparties to the above agreements can dispute the notices issued within 15 days. At the date of this Report the period for the Landlord to dispute the notice has expired and the Monitor is not aware of any dispute from Nucor in relation to the disclaimer issued by Free Rein. Nucor’s 15 day period to object expires on February 22, 2024.

## CASH FLOW AND BUDGET TO ACTUAL ANALYSIS

29. The Monitor has continually reviewed the operations and cash flow of the Company since the Filing Date. The actual cash flow results for the Company for the 4-week period of January 14 through to February 10, 2024, are presented below. These actual results have been compared to the forecast outlined in First Report (“CFS#2”).

<b>Free Rein Resources Ltd.</b>				
Forecast to Actual Results from January 14, 2024 to February 10, 2024				
<b>(C\$ 000's)</b>				
	Notes	Actual Total	Forecast Total	Variance (\$) Total
<b>Receipts</b>				
Net production revenue	a	\$ 26	\$ 59	\$ (33)
Other receipts		4	-	4
<b>Total - Receipts</b>		<b>31</b>	<b>59</b>	<b>(29)</b>
<b>Disbursements</b>				
Royalties	b	-	(25)	25
Transportation costs		-	(3)	3
Operating expenses	c	(38)	(14)	(24)
Capex		-	-	-
SG&A expense	d	(48)	(107)	59
Professional fees	e	(59)	-	(59)
GST remittance		-	-	-
<b>Total - Disbursements</b>		<b>(145)</b>	<b>(149)</b>	<b>5</b>
<b>Net cash flow</b>		<b>(114)</b>	<b>(90)</b>	<b>(24)</b>
Opening cash		225	225	-
Net cash flow		(114)	(90)	(24)
<b>Ending cash</b>		<b>\$ 111</b>	<b>\$ 135</b>	<b>\$ (24)</b>

30. The Monitor's comments on the material variances between the Company's actual receipts and disbursements as compared to the CFS#2 are as follows:
- (a) Net production revenue is lower than anticipated as a result of the timing of the receipt of a portion of January production revenue from a third party marketer, which is expected to be collected in a future period;
  - (b) Royalties are lower than anticipated due to the timing of payment of crown royalties for prior periods. This is timing variance, and the royalties are forecasted to be paid in future periods. As described above, the Monitor has not made any payments under the Disputed GORR Agreements. If the Disputed GORR Agreements are determined to be valid the Monitor understands that any outstanding amounts would be paid by Invico upon closing the Transaction as part of the 'cure costs';
  - (c) Operating expenses are higher than anticipated due the timing of invoices received for prior periods;
  - (d) SG&A expense is lower than anticipated due to the disclaimer of the Company's office lease earlier than forecast and the timing of payment of the Company's insurance renewal, which will be paid in future periods; and
  - (e) Professional fees are higher than anticipated due the timing of payment of professional fee invoices. The Monitor notes that CFS#2 contemplated a payment of \$60,000 in a subsequent week and professional fees have been substantially in line with forecast.
31. As at February 12, 2024, the Monitor has approximately \$111,000 in its estate trust account.

## CASH FLOW STATEMENT

32. The Monitor, in consultation with Free Rein, prepared CFS#3 for anticipated receipts and disbursements for the Forecast Period. CFS#3 is summarized in the table below for the 12-week period ending May 4, 2024, and coincides with the Applicant’s request to extend the Stay of Proceedings to April 30.

<b>Free Rein Resources Ltd.</b>		
Cash Flow Statement		
For the 12 week period ending May 4, 2024		
<b>(C\$ 000's)</b>		<b>12 Week</b>
		<b>Total</b>
<b>Receipts</b>		
Net production revenue	a	\$ 397
Other receipts		-
<b>Total - Receipts</b>		<b>397</b>
<b>Disbursements</b>		
Royalties	b	(35)
Transportation costs	c	(18)
Operating expenses	d	(230)
Capex		-
SG&A expense	e	(136)
Professional fees	f	(125)
GST remittance		-
<b>Total - Disbursements</b>		<b>(544)</b>
<b>Net cash flow</b>		<b>(147)</b>
Opening cash		111
Net cash flow		(147)
<b>Ending cash</b>		<b>\$ (37)</b>

33. The Cash Flow Statement and accompanying notes are attached hereto as Appendix “A”.
34. The Cash Flow Statement is based on the following key assumptions:
- (a) Net production revenue – derived from the sale of petroleum substances based on a current production forecast and realized prices are based on third party estimates;

- (b) Royalties – crown royalties on oil production are paid in kind and included in net production revenue above. Gross overriding royalties are not forecast to be paid in the period based on the Disputed GORR Agreements noted above. The royalties shown in CFS#3 relate to outstanding crown royalties for natural gas liquids and gas production for prior periods;
  - (c) Transportation costs – costs associated with transporting the petroleum substances from the wellhead to sales point;
  - (d) Operating expenses – costs associated with the operation and production of the crude oil;
  - (e) SG&A expense – includes payroll and benefits, payroll remittances, payments to contracted consultants to assist with production accounting and accounting services, insurance and other similar expenses; and
  - (f) Professional fees – fees, costs and disbursements for the Monitor and the Monitor’s Counsel.
35. As noted above, the FM Notice has materially impacted cash receipts during the Forecast Period due to production being limited to the sale of oil produced from three wells.

**Monitor’s Comments on the Cash Flow Statement**

36. Section 23(1)(b) of the CCAA states that the Proposed Monitor shall, “review the company’s cash-flow statement as to its reasonableness and file a report with the court on the Proposed Monitor’s findings”.
37. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Monitor hereby reports as follows:

- (a) CFS#3 has been prepared by the Monitor, in consultation with Free Rein, for the purpose described in the notes to CFS#3, using the probable assumptions and the hypothetical assumptions set out in the accompanying notes;
- (b) The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied management of Free Rein. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of CFS#3. The Monitor has also reviewed the information provided by management in support of the probable assumptions and the preparation and presentation of the CFS#3;
- (c) Based on its review, and as at the date of this Report, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:
- the hypothetical assumptions are not consistent with the purpose of CFS#3;
  - the probable assumptions developed by management are not suitably supported and consistent with the plans of Free Rein or do not provide a reasonable basis for the CFS#3 given the hypothetical assumptions; or
  - CFS#3 does not reflect the probable and hypothetical assumptions.

38. Since CFS#3 is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the projections in CFS#3 will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Proposed Monitor in preparing this Report.

39. CFS#3 has been prepared solely for the purpose of estimating liquidity requirements of Free Rein during the Forecast Period. CFS#3 should not be relied upon for any other purpose.

## THE TRANSACTION

40. Pursuant to an Order granted on August 25, 2023, Free Rein, in consultation with the Proposal Trustee, commenced the SISP for the sale of, or investment in, Free Rein's business and property.
41. As part of the SISP, Invico submitted the Stalking Horse Term Sheet which contemplated the acquisition of all of Free Rein's oil and gas assets either by way of asset purchase or by share transaction, if there was no Qualified Bid from a party other than the Stalking Horse Bidder.
42. The Stalking Horse Term Sheet was the only Qualified Bid received by the Phase 2 bid deadline on November 6, 2023, and the Transaction is the only transaction that is being proposed or advanced in respect of Free Rein's business or property.
43. The total aggregate purchase price paid by the purchaser for the Transaction shall be (the "**Purchase Price**"), (i) the assumption of the Invico Secured Debt; (ii) a cash payment of \$1.00; (iii) a cash payment to satisfy the Priority Payables; and (iv) the assumption or payment of the Cure Costs (together with the Priority Payables, the "**Cash Component**").
44. Invico has proposed to complete the Transaction in the form of the SA. A copy of the SA is attached as Exhibit "**B**" of Wutzke Affidavit #3. The key terms of the SA are as follows (capitalized terms have the meaning ascribed to them in the SA):
- (a) the Share Purchaser will purchase newly issued share of Free Rein for a subscription amount equal to the Purchase Price;



- (b) the purchase of the Free Rein shares, and retention of the Retained Assets and Retained Liabilities, will be on an “as is, where is” basis;
  - (c) all of the presently issued and outstanding common shares of Free Rein will be cancelled for nominal consideration; and
  - (d) the SA is conditional upon an RVO being approved by this Honourable Court and becoming a final order.
45. The Transaction also contemplates that the RVO would have the effect of approving the creation of the Free Rein Asset Residual Trust (the “**Residual Trust**”) to be administered by the Monitor in its capacity as trustee of the Residual Trust (the “**Trustee**”). Pursuant to the proposed RVO, certain assets and liabilities of Free Rein will be transferred to the Residual Trust on the closing of the Transaction (the “**Transferred Assets**” and the “**Transferred Liabilities**”).
46. The Residual Trust will come into existence on the closing of the Transaction and the beneficiaries of the Residual Trust (the “**Trust Beneficiaries**”) will retain the same priorities, rights and entitlements against the Trust Assets as they had against Free Rein immediately prior to the closing of the Transaction. Unless extended, the Residual Trust will terminate upon the earlier of the expiry of three months from the date on which the RVO was issued, or the date on which the Trustee otherwise terminates the Residual Trust after the performance of its duties.
47. The effect of the Transaction will be that Free Rein will be cleansed of the majority of its liabilities by the granting of the RVO whereby the Purchaser will assume the Retained Liabilities and take an assignment of the Retained Assets (as those terms are defined in the Subscription Agreement). It is not expected that unsecured creditors or shareholders of Free Rein will receive any recovery or distribution from the Residual Trust or otherwise.

## MONITOR'S COMMENTS ON THE TRANSACTION

48. The commercial terms of the SA include:

- (a) the sale of Free Rein's business and corporate attributes including tax losses which include (estimated at March 31, 2022):
  - resource pools of approximately \$6.4 million; and
  - non-capital losses of \$6.5 million;
- (b) a closing date of March 15, 2024, or after the Closing Conditions have been satisfied or waived; and
- (c) no remaining material conditions other than approval from this Honourable Court of the Transaction and granting of the RVO.

49. When analyzing the Transaction, the Monitor considered the following:

- (a) does the Transaction provide the best outcome and recovery to Free Rein's creditors and stakeholders; and
- (b) is the RVO necessary and appropriate in the circumstances.

### Recoveries to stakeholders

50. The Monitor compared the potential recoveries to creditors under the SA to a sale or disposition under a bankruptcy. The Monitor concluded the following:

- (a) Free Rein attempted to market the P&NG Assets and business through the SISP in an effort to maximize the potential return to all stakeholders;

- (b) there was no viable alternative to the Transaction identified through the SISP. The Transaction represents the highest available recovery to creditors. An alternative to the Transaction would be a bankruptcy which would further erode value being offered to creditors by the Transaction;
- (c) Free Rein will exit the CCAA Proceedings as a going concern and retain responsibility for the ongoing environmental obligations associated with the P&NG Assets; and
- (d) Free Rein will continue to honour certain contracts identified as Retained Assets or Retained Liabilities.

51. For the reasons outlined above, the Monitor is of the view that the Transaction offers fair value in the circumstances and therefore, from an economic standpoint, the Monitor recommends that this Honourable Court approve the Transaction.

**The RVO is appropriate in the circumstances**

52. When considering whether the RVO is appropriate the Monitor considered the following:

- (a) why an RVO is necessary;
- (b) whether the RVO structure produced an economic result at least as favourable as another viable alternative;
- (c) whether any stakeholder is worse off under the RVO structure than they would have been under another viable structure; and
- (d) whether the consideration paid for the debtor's business is reflective of the importance and value of the intangible assets being preserved under the RVO structure?

## Why an RVO is necessary

53. The RVO is necessary to provide additional value to the estate and its stakeholders that would not be possible without the use of an RVO structure, including:
- (a) the licenses for the P&NG Assets will not be subject to AER transfer approval, which can take a significant amount of time and therefore may add risk and cost to the Transaction;
  - (b) certain of Free Rein's tax attributes as outlined above will be preserved. These tax attributes create potential future value to the business and stakeholders; and
  - (c) Free Rein will continue to employ several individuals as employees or independent contractors, that are important to the continued operation of the P&NG Assets.
54. The SA authorizes Free Rein to undertake a reverse vesting transaction whereby it will convey the Transferred Liabilities and Transferred Assets to the Residual Trust, in a siloed and structured manner.
55. The end result of the Transaction will be that Free Rein will carry on business with a new sole shareholder (Invico), with ownership of the Retained Assets and Retained Liabilities and a restructured balance sheet, free of all indebtedness other than the Invico Secured Debt (having been cleansed by the RVO or paid or assumed as a cure cost).

**Does the RVO structure produce an economic result at least as favourable as any other viable alternative?**

56. The SA is currently the best (and only) transaction available to Free Rein's stakeholders in the circumstances. The alternative is a bankruptcy which would erode substantial value for Invico's stakeholders, including amounts owing for priority payables and cure costs payable to counterparties, each of whom are benefiting from the Cash Component of the Purchase Price.

**Is any stakeholder worse off under the RVO structure than they would have been under another viable structure?**

57. The Monitor is not aware of any stakeholder that would be worse off because of the RVO structure. As outlined above, there is no viable alternative to the SA, making Invico the fulcrum creditor in these proceedings. No other subordinate creditors are expected to receive a distribution from Free Rein's estate under any alternative. Therefore no creditors are worse off under the RVO structure. Conversely, it is anticipated that many of Free Rein's stakeholders, including Invico, would be worse off in a bankruptcy, being the only available alternative.

**Does the consideration being paid for the debtor's business reflect the importance and value of the intangible assets being preserved under the RVO structure?**

58. As described above, the Transaction is the only viable alternative in the circumstances. Invico has not expressed a willingness to complete the Transaction by way of an asset purchase with a vesting order. The RVO structure was selected to be efficient in closing and salvage tax losses to preserve future tax value, which enhances Invico's ability to recover proceeds from future operations. Accordingly, in the Monitor's view, the RVO does reflect the importance of the value of intangibles.

59. In particular:

- (a) the regulatory licenses associated with the PN&G Assets were available for review by potential bidders, but the assumption of which carry environmental liabilities, which are being assumed in the Transaction;
- (b) information regarding the tax attributes were similarly available for review by potential bidders in the data room. The Monitor notes, however, that these attributes may only be utilized post acquisition in limited circumstances. For example, when a company that is not in a similar type of business stream acquires a company, it must rely on the target company itself to generate profits in order to use the pools. In addition, to the extent there is any debt forgiveness in a company, the amount of that forgiveness further reduces the amount of losses available for potential use. Given the estimated capital expenditures required to resolve the gas processing issue, the Monitor does not place a significant amount of weight on the value of these attributes in the context of this Transaction. Put another way, the Monitor is of the view that the consideration being paid under the Transaction takes into account the relative value of the corporation and its business, including its associated tax attributes.

## **DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS**

60. The Monitor is aware of the following secured claims and charges that are owed by Free Rein, either pursuant to statute, or which have been registered against the Property.

### **Secured Creditors**

61. Effective September 21, 2022, Free Rein as borrower and Invico as lender entered into a secured loan agreement, as amended (the “**Invico Loan Agreement**”), pursuant to which Invico made certain credit facilities (the “**Invico Secured Debt**”) available to the Company.

62. On April 18, 2023, Invico and Free Rein entered into an amended and restated loan agreement (the “**AR Loan Agreement**”) in respect of the Invico Secured Debt.
63. The Invico Loan Agreement and the AR Loan Agreement are secured by a Fixed and Floating Charge Demand Debenture dated September 21, 2022, granted by Free Rein in favour of Invico (the “**Invico Security**”).
64. On June 2, 2023, Invico issued demand for repayment of the Invico Secured Debt in the amount of approximately \$5.7 million plus interest and costs and delivered a Notice of Intention to Enforce Security pursuant to section 244 of the BIA.
65. As at June 12, 2023, the Company was also indebted in the amount of approximately \$1.9 million to Tartan Energy Group (“Tartan”) pursuant to a master services agreement dated August 5, 2021 (the “**Tartan Loan Agreement**”).
66. The Tartan Loan Agreement is secured however, subordinate to the Invico Loan Agreement pursuant to the terms of a Postponement, Subordination and Standstill Agreement, dated September 21, 2022.

### **Canada Revenue Agency**

67. On January 22, 2024, the CRA delivered a notice to the Receiver with proposed changes to the goods and services tax/harmonized sales tax return for the period from December 1, 2023, to December 7, 2023. The proposed changes resulted in net tax owing of \$214,936.00 (the “**Unsecured CRA Claim**”). A copy of the January 22, 2024, notice from the CRA is attached hereto as Appendix “**B**”.
68. Pursuant to the provisions of the RVO, the Unsecured CRA Claim is deemed a “Transferred Liability”, and hence is anticipated to be transferred to the Residual Trust.

69. The Receiver is not contemplating a holdback for the Unsecured CRA Claim and the CRA has been served with notice of the Application.
70. The Monitor understands that there are arrears owing for post-filing periods for both GST (the “**GST Arrears**”) and carbon tax (the “**CT Arrears**”). These amounts are in addition to the Unsecured CRA Claim and only the GST Arrears and CT Arrears are contemplated to be paid to the CRA from the Purchase Price. The quantum of the GST Arrears and the CT Arrears are subject to change based on subsequent filing periods.

### **Municipal Taxes**

71. The Monitor is aware that Free Rein has outstanding municipal taxes owing to the following municipalities for 2023:
- (a) \$6,253.25 plus penalties and interest to Leduc County; and
  - (b) \$63,978.49 plus penalties and interest to Parkland County.

(the “**Outstanding Municipal Taxes**”)

72. The Transaction contemplates the payment of the Outstanding Municipal Taxes as part of the Cash Component of the Purchase Price to be administered by the Residual Trust.

### **Surface Lease Rentals**

73. The Monitor is aware that Free Rein has outstanding surface lease rentals owing to various parties that have not been paid since August 2023. Based on the Company’s books and records, the amount outstanding is estimated to be approximately \$91,000 (the “**Outstanding Surface Lease Rentals**”).



74. The Transaction contemplates the payment of the Outstanding Surface Lease Rentals as part of the Cash Component of the Purchase Price to be administered by the Residual Trust.

**Disputed Gross Overriding Royalties**

75. As described in the Wutzke Affidavit #3, Invico requests as part of its Application that the Court vest off and transfer certain gross overriding royalty agreements held by (i) Newgrange Energy Inc. (“**Newgrange**”), which is a company owned by Free Rein’s former president and CEO Terry McCallum, and (ii) certain Free Rein shareholders to the Residual Trust (the “**Disputed GORR Agreements**”).

76. Invico requested that the Monitor not make any payments in respect of amounts owed under the Disputed GORR Agreements until it had the opportunity to determine the validity and enforceability of the Disputed GORR Agreements. The Monitor agreed to that request on the basis that any arrears owing under the Disputed GORR Agreements, if they are determined to be valid, would need to be paid as a Cure Cost as part of the Transaction.

77. The Monitor understands there is approximately \$60,000 owing pursuant to the Disputed GORR Agreements related to production for the periods of September to November 2023. Amounts owing for December production and generally due on February 25, 2024, and are estimated to be approximately \$10,000.

78. On January 15, 2024, Mr. McCallum contacted the Monitor, Invico and Invico’s counsel requesting payment of outstanding amounts owing under Newgrange’s Disputed GORR Agreement and provided notice that it intends to take its gross overriding royalty in kind effective 45 days from the date of that notice, in accordance with the terms of the agreement.

79. Newgrange and the affected shareholders have been provided notice of the February 23 Application.

**PPR Registrations**

80. The Monitor is aware of lien registrations (“**Lien registrations**”) against Free Rein’s crown mineral leases by the following parties:

- (a) CWC Energy Services Corp. (“**CWC**”);
- (b) Codeco-Vanoco Engineering Inc. (“**Codeco**”); and
- (c) STEP Energy Services Ltd. (“**STEP**”)

(the “**Lien Parties**”).

81. A summary of the Lien Registrations and the crown mineral agreement that they are registered against is presented in the table below.

<b>Summary of Lien Registrations</b>				
<b>Agreement</b>	<b>CWC</b>	<b>STEP</b>	<b>Codeco</b>	<b>Total</b>
001 115420	\$ 23,831.42	\$ 79,962.77	\$ 101,629.32	<b>\$ 205,423.51</b>
001 22254	79,205.62	-	88,748.91	<b>167,954.53</b>
<b>Total - Liens</b>	<b>\$ 103,037.04</b>	<b>\$ 79,962.77</b>	<b>\$ 190,378.23</b>	<b>\$ 373,378.04</b>

82. Invico has reviewed the Lien Registrations and agreed to fund the Residual Trust to satisfy the claims of the Lien Parties and to facilitate the liens being vested off title. Invico has advised the Monitor that it has reviewed Free Rein’s books and records and discussed the amounts payable with each of the Lien Parties. Based on discussions with the Lien Parties and the books and records, Invico has advised the Monitor that the amounts owing to each of the Lien Parties is as follows:

- (a) CWC - \$69,650.37;

- (b) STEP - \$83,971.43; and
  - (c) Codeco - \$190,378.23.
83. There has been no formal claims process completed by the Monitor, and therefore the Lien Parties have been served with notice of this application.
84. The Monitor is also aware of a registration made by Legacy Disposal Facility Ltd. (“**Legacy**”) which is a related party to Nucor. As described in the Wutzke Affidavit #3 in its review of the Free Rein records, Free Rein purported to enter into a Joint Venture Agreement with Nucor dated March 1, 2023 (the “**Legacy Agreement**”).
85. Although the Legacy Agreement is dated March 1, 2023, the dates provided in the signature block indicate that the agreement was executed on or around June 27, 2023, and June 28, 2023, or more than two weeks after the commencement of the NOI Proceedings.
86. The Legacy Agreement, similar to the Nucor Agreement, deals with the construction and operation of a waste water disposal facility. As described above, the Monitor has sent a disclaimer notice in respect of the Nucor Agreement and Invico is seeking to have this Honourable Court set aside or declare the Legacy Agreement null and void, or in the alternative, permit Free Rein’s liabilities under the Legacy Agreement to be transferred to the Residual Trust under the proposed Transaction.
87. Nucor/Legacy’s counsel has been served with notice of the February 23 Application.

### **Security Review**

88. The Monitor’s Counsel has reviewed the Invico Loan Agreement, the AR Loan Agreement, and the Invico Security, and determined that, subject to the standard qualifications and assumptions, Invico has a valid and enforceable security over the Property securing the Invico Secured Debt.

89. Other than those parties referenced above, no other party has contacted the Monitor nor the Monitor’s Counsel asserting a claim in priority to Invico and the Monitor is not aware of any party who is not being paid pursuant to the Transaction asserting priority to Invico, or any party that would be entitled to do so.

**RESIDUAL TRUST AND SETTLEMENT FUNDS**

90. As described above, the RVO approves the creation of the Residual Trust to be administered by the Monitor. The Residual Trust will come into existence on the closing of the Transaction and the Trust Beneficiaries will retain the same priorities, rights and entitlements against the Trust Assets as they had against Free Rein immediately prior to the closing of the Transaction.

91. The Residual Trust will be settled by the delivery of the Purchase Price of the Transaction (the “**Settlement Funds**”), which is presented in the table below.

<b>Settlement Funds</b>	
<b>C\$</b>	
Administration Charge	\$ 200,000
Holdback Amount	50,000
Lien Registrations	373,378
Outstanding Municipal Taxes	88,729
Outstanding Surface Lease Rentals	91,000
Outstanding Royalties	64,121
GST Arrears	24,013
CT Arrears	7,972
<b>Total - Settlement Funds</b>	<b>\$899,214.30</b>

92. The Monitor notes the following with respect to the Settlement Funds:

(a) the Outstanding Royalties include the amounts owing under the Disputed GORR Agreements; this amount would be reduced if it is determined that they are not valid and enforceable; and

(b) the GST Arrears and the CT Arrears relate to post-filing periods and does not include the Unsecured CRA Claim.

93. The Monitor notes that the Settlement Funds are subject to change based on the closing date of the Transaction.

94. The Settlement Funds will be used to pay the amounts indicated above and there will be no further distribution to unsecured or other creditors in the CCAA Proceedings.

### **REMAINING TASKS TO COMPLETE THE ADMINISTRATION OF THE CCAA PROCEEDINGS**

95. Subject to approval of this Honourable Court, the Monitor will file a certificate certifying that the Transaction contemplated by the SA and the RVO Term Sheet has been completed to the satisfaction of the Monitor (the “**Completion Certificate**”).

96. Following the filing of the Completion Certificate, only minor administrative tasks will remain outstanding in the CCAA Proceedings (the “**Remaining Tasks**”), which the Monitor anticipates include, but are not limited to:

(a) administering the Residual Trust and filing a Monitor’s certificate with the Court once the Residual Trust has been fully administered;

(b) the payment of final fees and costs of the Monitor and the Monitor’s Counsel; and

(c) final accounting of the Settlement Funds.

## APPROVAL OF PROFESSIONAL FEES

97. The professional fees and disbursements of the Monitor and the Monitor’s Counsel for the period of June 12, 2023, to January 31, 2024, are set out in the table below. The Monitor notes that the professional fees include those incurred during the NOI Proceedings and CCAA Proceedings.

Summary of Professional Fees for the Proposal Trustee/Monitor and its Legal Counsel					
For the period of June 12, 2023 to January 31, 2024					
(C\$)	Role	Fees	Costs	GST	Total
FTI Consulting Canada Inc.	Proposal Trustee/Monitor	\$ 361,651	\$ 12,782	\$ 18,722	\$ 393,154
Cassels Brock & Blackwell LLP	Monitor's Counsel	97,376	1,358	4,908	103,642
<b>Total - Professional Fees</b>		<b>\$ 459,027</b>	<b>\$ 14,140</b>	<b>\$ 23,630</b>	<b>\$ 496,796</b>

98. The Monitor considers that the fees and disbursements charged by the Monitor and Monitor’s Counsel have been necessarily incurred and that the hours and rates charged are fair and reasonable in light of the following:

- (a) the length of the NOI Proceedings and CCAA Proceedings, including the assistance of the Proposal Trustee in administering the SISF and the enhanced power in the CCAA;
- (b) work required to administer the Residual Trust; and
- (c) administering the wind down of the CCAA Proceedings subsequent to closing pursuant to the Monitor’s enhanced powers.

99. Copies of the invoices of FTI Consulting and its legal counsel are available to this Honourable Court upon request.

100. The fees and disbursements to be incurred by the Monitor and its legal counsel to complete the administration of these CCAA Proceedings will be paid from the Company's cash flow and the Settlement Funds to administer the Residual Trust. The Monitor and its legal counsel anticipate having additional fees of up to \$125,000 complete the administration of the CCAA Proceedings, including the costs of this Application. Professional fees for the administration of the Residual Trust are to be covered up to \$50,000 pursuant to the RVO Term Sheet.

### **TERMINATION OF THE CCAA PROCEEDINGS AND DISCHARGE OF THE MONITOR**

101. In order to avoid the additional expense of another application by the Monitor to terminate the CCAA Proceedings and the Residual Trust and obtain its discharge, the Monitor proposes to achieve this by filing a termination certificate (the "**Termination Certificate**") following completion of the Remaining Tasks. Subject to approval of the Transaction by this Honourable Court, the Remaining Tasks are ancillary or incidental to these CCAA Proceedings and accordingly the Monitor is of the view that filing a Termination Certificate to effectuate to termination of the CCAA Proceedings and the Residual Trust and its discharge is appropriate.
102. Upon the Monitor filing the Termination Certificate, FTI Consulting shall be discharged as Monitor and Trustee of the Residual Trust and shall have no further duties, obligations or responsibilities as Monitor or trustee of the Residual Trust and shall be released from any and all further obligations and claims in its capacity as Monitor and Trustee.

### **REQUEST TO EXTEND THE STAY OF PROCEEDINGS**

103. The Applicant is seeking an extension to the Stay of Proceedings up to and including April 30, 2024, to allow Free Rein, with the assistance of the Monitor to:
- (a) maintain Free Rein's operations; and

(b) subject to approval of this Honourable Court, complete the Transaction and administer the Residual Trust.

104. The Monitor has considered the Applicant's request to extend the Stay of Proceedings to and including April 30, 2024, and has the following comments:

(a) while CFS#3 illustrates that Free Rein may require additional liquidity to fund its obligations for the Forecast Period, the Applicant has previously indicated a willingness to fund operations to complete the Transaction, if required, as provided in paragraph 27 of the Affidavit of Chris Wutzke sworn on January 15, 2024;

(b) the Monitor does not believe that any creditor will be materially prejudiced if the extension of the Stay of Proceedings is granted;

(c) Free Rein has complied with the requirements under the ARIO and continues to act in good faith and with due diligence; and

(d) the extension to the Stay of Proceedings is expected to allow sufficient time for Free Rein and the Applicant to complete the Transaction and for the Monitor to administer the Residual Trust.

## **RECOMMENDATIONS**

105. The Monitor is of the view that the relief requested by the Applicant in the February 23 Application is reasonable and justified in the circumstances and respectfully recommends that this Honourable Court approve the RVO Term Sheet, the SA and the Transaction based on the following:

(a) the SISP was fair and transparent and provided all participants with equal access to information and the opportunity to submit an offer or proposal; and



- (b) the Transaction contemplated by the SA is the only transaction that is being proposed or advanced in respect of Free Rein's business or property, and therefore provides the highest and best recovery in the context of insolvency or restructuring proceedings.

106. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the following relief:

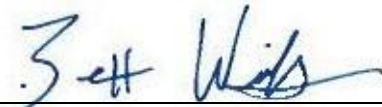
- (a) approving the Monitor's actions, conduct and activities since the Filing Date including the Monitor's fees and the Monitor's Counsel's fees;
- (b) approving the SA and the RVO authorizing and directing the Monitor to complete the Transaction; and
- (c) approve the extension of the stay of proceedings up to and including April 30, 2024.

All of which is respectfully submitted this 14th day of February 2024.

FTI Consulting Canada Inc.  
Licensed Insolvency Trustee  
in its capacity as Monitor of Free Rein Resources  
and not in its personal or corporate capacity



Name: Dustin Olver, CPA, CA, CIRP, LIT  
Title: Senior Managing Director



Name: Brett Wilson, CFA  
Managing Director

## **Appendix “A” – Cash Flow Statement for the period ending May 4, 2024**

**Free Rein Resources Ltd.**

Cash Flow Statement

For the 12 week period ending May 4, 2024

<i>(C\$ 000's)</i>		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	12 Week
	For the 12 week period ending May 4, 2024	17-Feb	24-Feb	2-Mar	9-Mar	16-Mar	23-Mar	30-Mar	6-Apr	13-Apr	20-Apr	27-Apr	4-May	Total
<b>Receipts</b>														
Net production revenue	1	\$ -	\$ 33	\$ 115	\$ -	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ -	\$ 131	\$ -	\$ 397
Other receipts		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total - Receipts</b>		-	<b>33</b>	<b>115</b>	-	-	-	<b>117</b>	-	-	-	<b>131</b>	-	<b>397</b>
<b>Disbursements</b>														
Royalties	2	(35)	-	-	-	-	-	-	-	-	-	-	-	(35)
Transportation costs	3	-	-	(6)	-	-	-	(6)	-	-	-	(6)	-	(18)
Operating expenses	4	-	(50)	(26)	-	(50)	-	(26)	-	(50)	-	(28)	-	(230)
Capex	5	-	-	-	-	-	-	-	-	-	-	-	-	-
SG&A expense	6	(24)	-	(28)	-	(14)	-	(28)	-	(14)	-	(28)	-	(136)
Professional fees	7	-	-	-	-	(80)	-	-	-	-	(45)	-	-	(125)
GST remittance		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total - Disbursements</b>		<b>(59)</b>	<b>(50)</b>	<b>(60)</b>	-	<b>(144)</b>	-	<b>(60)</b>	-	<b>(64)</b>	<b>(45)</b>	<b>(62)</b>	-	<b>(544)</b>
<b>Net cash flow</b>		<b>(59)</b>	<b>(17)</b>	<b>55</b>	-	<b>(144)</b>	-	<b>58</b>	-	<b>(64)</b>	<b>(45)</b>	<b>70</b>	-	<b>(147)</b>
Opening cash		111	51	34	89	89	(55)	(55)	3	3	(61)	(106)	(37)	111
Net cash flow		(59)	(17)	55	-	(144)	-	58	-	(64)	(45)	70	-	(147)
<b>Ending cash</b>		<b>\$ 51</b>	<b>\$ 34</b>	<b>\$ 89</b>	<b>\$ 89</b>	<b>\$ (55)</b>	<b>\$ (55)</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ (61)</b>	<b>\$ (106)</b>	<b>\$ (37)</b>	<b>\$ (37)</b>	<b>\$ (37)</b>

**Notes:**

The Monitor, in consultation with Management of Free Rein Resources Ltd. ("FFR"), has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of FRR during the period of February 11, 2024 to May 4, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-7. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 Net production revenue relates to the sale of FRR's petroleum and natural gas production. Production is based on current forecast production. The forecast sales prices are based on third party price forecasts and FRR's quality discount to benchmark pricing. Crown royalties for oil production are paid in kind.
- 2 Royalty expense relates to royalties paid to the crown and freehold land owners and are based on historical rates.
- 3 Transportation costs relate to transporting FRR's petroleum and natural gas production from well head to market and is based on projected production volumes and transportation rates.
- 4 Operating expenses are based on the FRR's annual operating budget and relates to the costs associated with the operation of oil and natural gas wells and facilities.
- 5 Capital expenditure based on planned capital projects and environmental spending.
- 6 SG&A expense includes costs associated with FFR's employees, insurance and overhead based on its annual budget.
- 7 Professional fees includes estimates for the Monitor and the Monitor's counsel.

Second Report of FTI Consulting Canada Inc.,  
In its capacity as Monitor of Free Rein Resources Ltd.

## **Appendix “B” – CRA Notice dated January 22, 2024**



January 22, 2024

Brandi Swift  
FTI Consulting Canada Inc.  
Monitor for Free Rein Resources Ltd.  
Suite 1610 520 5 Ave SW  
Calgary AB T2P 3R7

Dear Brandi Swift:

**Subject: Proposed change to the goods and services tax / harmonized sales tax (GST/HST) return from December 1, 2023 to December 7, 2023  
Account number: 12072 1279 RT0001**

Further to our telephone conversation on January 18, 2024, the GST/HST return of Free Rein Resources Ltd. (the “registrant”) for the above period was chosen for audit. Our records show that FTI Consulting Canada Inc. was appointed as Monitor, when an Initial Order under the Companies' Creditors Arrangement Act (CCAA) was filed on December 7, 2023.

Based on information in the list of creditors filed for Free Rein Resources Ltd., we are proposing to make a (re)assessment as shown below.

Under section 165 of the Excise Tax Act, every recipient of a taxable supply made in Canada is required to pay the GST/HST charged for that supply. The registrant has not paid the GST/HST owed to their suppliers, based on the list of creditors that was filed. Under paragraph 296(1)(b) of the Act, we are proposing to increase the registrant’s tax payable by the amount of GST/HST owed on taxable supplies that they received where the tax was not paid to their suppliers.

Period ending	Description	Proposed change
2023-12-07	Increase to tax payable under 296(1)(b)	\$ 214,936.00

The proposed amount of \$214,936.00 is based on calculations we made in the enclosed Schedule A – Calculation of GST/HST Included in Unpaid Amounts. Our calculations are based on the list of creditors dated December 8, 2023, which was the most recent list available to us.

If you have any questions or concerns, please call me at the phone number listed below. My team leader, Lori-Ann Thomson, can be reached at 587-335-3420 if I am not available.

Sincerely,

*M. Ward*

Maegan Ward  
GST/HST Audit Division  
Alberta Tax Services Office

Telephone: 587-338-9081  
Fax: 418-566-2853  
Address: Suite 10 9700 Jasper Avenue  
Edmonton AB T5J 4C8  
Website: [canada.ca/taxes](http://canada.ca/taxes)

Enclosures

I agree to the proposed change and waive the 30-day proposal period.

\_\_\_\_\_  
(Signature of Authorized Officer)

<b>Registrant:</b>	FREE REIN RESOURCES LTD	<b>Date:</b> January 22, 2024
<b>Business Number:</b>	12072 1279 RT0001	
<b>Audit Period:</b>	December 1, 2023 to December 7, 2023	
<b>Prepared by:</b>	Maegan Ward	

Calculation of the proposed audit adjustment for Free Rein Resources Ltd.:

The registrant's physical and mailing addresses are located in Alberta. We found no evidence to show that the registrant operated from any other province. Calculations were completed under the assumption that all supplies from unsecured creditors were made in Alberta and were taxable at 5%. We also assumed that no amounts from the listing were paid and that no amounts were approved by the Monitor to be paid at some future date. We made adjustments where unpaid amounts related to supplies that were zero-rated, exempt, or relieved from GST/HST.

Total amount unpaid to suppliers		\$ 4,674,652.00
Less: Total amount where GST/HST was not charged or owed	( A )	160,996.00
Total amount unpaid to suppliers where GST/HST was charged		\$ 4,513,656.00
Calculate GST/HST included at 5%		x 5/105
<b>Total GST/HST included in unpaid amounts</b>		<b>\$ 214,936.00</b>

**List of unsecured creditors where no GST/HST was charged or owed:**

Name of supplier	Unpaid amount
Alberta Energy Regulator	\$ 655.00
ATB Mastercard	15,262.00
Canada Revenue Agency	9,180.00
Chris Jakubowsky	3,064.00
Cindy Miskolczi-McCallum	473.00
Government of Alberta	2.00
Leduc County	677.00
Mud Creek Medics Ltd.	9,450.00
Parkland County	117,767.00
Terry McCallum	49.00
Tether Family Trust	2,315.00
The Hutterian Brethren Church of Warburg	723.00
Workers Compensation Board - Alberta	1,379.00
<b>Total amount where GST/HST was not charged or owed</b>	<b>\$ 160,996.00</b>

( A )

## **Schedule B – List of Recommended Representations**

**Subject: Proposed change to the goods and services tax / harmonized sales tax (GST/HST) return for Free Rein Resources Ltd. for the period from December 1, 2023 to December 7, 2023**

You can include information from this list with your representations. If possible, please send electronic files in spreadsheet format (.xls or .xlsx) or as a text file (.csv) for listings, and in PDF format for all other documents.

1. An updated listing of all accounts payable as of December 7, 2023, for Free Rein Resources Ltd.
2. Copies of original purchase documents for transactions from your listing of accounts payable where GST/HST was not charged, that includes this information for each purchase:
  - a. date of transaction
  - b. name of supplier
  - c. description of goods or services purchased
  - d. purchase amount
  - e. explanation of why GST/HST was not charged
3. Information about payments made after December 7, 2023, that would affect your listing of accounts payable, including proof of payments.
4. Information about accounts that you expect will be paid after December 7, 2023, and the sources of funds for those payments. Please include a schedule of payments to be made at certain intervals that were approved by the Monitor.
5. List of suppliers to be paid that are considered critical for continuing business operations.
6. If you want to claim input tax credits (ITCs) that might be eligible for purchases made up to December 7, 2023, and they were not claimed previously, give a detailed listing that includes this information for each purchase:
  - a. date of transaction
  - b. name of supplier
  - c. description of goods or services purchased
  - d. purchase amount
  - e. amount of GST/HST charged