

Clerk's Stamp:

COURT FILE / ESTATE NUMBERS 25-2954304
B201954304

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
RSC 1985, C B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF FREE REIN RESOURCES LTD.

DOCUMENT **APPLICATION**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTIES FILING THIS
DOCUMENT

Burnet, Duckworth & Palmer LLP

2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1

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File No. 77501-3

NOTICE TO RESPONDENT(S)

This application is made against you. You are Respondents.

You have the right to state your side of this matter before the Master/Judge.

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

Date: July 11, 2023
Time: 10:00 am
Where: Edmonton Courts Centre via Webex videoconference
Before Whom: The Honourable Justice K. Feth on the Commercial List

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

Remedy Claimed or Sought:

1. The Applicant, Free Rein Resources Ltd. ("**Free Rein**") respectfully seeks an Order substantially in the form attached hereto as **Schedule "A"**:
 - (a) abridging the time for service of this Application and the supporting materials, as necessary, and deeming service thereof to be good and sufficient;
 - (b) pursuant to section 64.2 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), declaring that:
 - (i) the Applicant's legal counsel, Burnet, Duckworth & Palmer LLP ("**BD&P**"), and FTI Consulting Canada Inc. ("**FTI**") in its capacity as proposal trustee of the Applicant (the "**Proposal Trustee**"), shall be paid their reasonable fees and disbursements (including the professional fees and disbursements of the Proposal Trustee's legal counsel (collectively with BD&P and the Proposal Trustee, the "**Administrative Professionals**")); and
 - (ii) the Administrative Professionals, as security for their respective professional fees and disbursements incurred both before and after the granting of the requested Order, shall be entitled to the benefit of and are hereby granted a first priority charge (the "**Administration Charge**") on all present and after-acquired property of Free Rein (the "**Property**"), which charge shall not exceed an aggregate amount of \$200,000;
 - (c) pursuant to section 50.4 of the *BIA*, extending the period of time within which Free Rein is required to file a proposal to its creditors (the "**Proposal Period**") up to and including August 25, 2023 (the "**Stay Extension**"); and
 - (d) such further and other relief as may be sought by Free Rein and this Honourable Court may deem appropriate.

Grounds for Making this Application:

2. On June 12, 2023, Free Rein filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to section 50.4(1) of the BIA with the Office of the Superintendent of Bankruptcy. FTI is the Proposal Trustee of Free Rein.

Administration Charge

3. There are a number of legal, financial and operational issues for which Free Rein requires the services of the Administrative Professionals. The Administrative Professionals are integral to successfully developing a viable proposal, and in order to ensure their participation, the Administration Charge is required to protect and secure their fees and disbursements.
4. The Administrative Charge is reasonable and appropriate in the circumstances and critical to the success of Free Rein's restructuring proceedings.
5. The Proposal Trustee supports the granting of the Administration Charge.
6. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Extension of the Proposal Period

7. Free Rein requires the Stay Extension to continue the restructuring of its business and affairs and to work towards making a viable proposal to its creditors.
8. The Stay Extension is appropriate for, among others, the following reasons:
 - (a) Free Rein has acted, and continues to act in good faith and with due diligence;
 - (b) Free Rein will likely be able to make a viable proposal if the Stay Extension is granted; and
 - (c) no creditor will be materially prejudiced by the requested Stay Extension.
9. The Proposal Trustee supports the Stay Extension.

Material of Evidence to be Relied On:

10. Affidavit No. 1 of Terry McCallum, to be filed;
11. Bench Brief of Free Rein, to be filed;
12. Report of the Proposal Trustee, to be filed; and
13. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

14. The Alberta *Rules of Court*, AR 124/2010, as amended.
15. The *Bankruptcy and Insolvency General Rules* (CRC, c 368)

Applicable Acts and Regulations

16. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended; and
17. Such further and other Acts and Regulations as counsel may advise and that this Honourable Court may permit.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FREE REIN RESOURCES LTD.

DOCUMENT **Order (Approval of Administration Charge and Extension of Time to File Proposal)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1

Lawyer: David LeGeyt / Ryan Algar
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Fax: (403) 260-0332
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com
File No. 077501-00003

DATE ON WHICH ORDER WAS PRONOUNCED: July 11, 2023

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice K. Feth

UPON THE APPLICATION of Free Rein Resources Ltd. ("**Free Rein**") filed July [•], 2023; AND UPON reading Affidavit No. 1 of Terry McCallum sworn July [•], 2023 ("**McCallum Affidavit No. 1**"); AND UPON hearing submissions by counsel for Free Rein and any other counsel or other interested parties present,

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the notice of application.
2. Capitalized terms not otherwise defined in this Order shall have the meaning set forth in McCallum Affidavit No. 1.

ADMINISTRATION CHARGE

3. Legal counsel to Free Rein, Burnet, Duckworth & LLP, FTI Consulting Canada Inc. in its capacity as Proposal Trustee and the Proposal Trustee's legal counsel (collectively, the "**Administrative Professionals**"), as security for their respective professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefit of, and are hereby granted, a first ranking charge (the "**Administration Charge**") on all of Free Rein's present and after-acquired assets, property and undertakings (the "**Property**"), which charge shall not exceed \$200,000 as security for the Administrative Professionals' professional fees and disbursements incurred at normal rates and charges, both before and after the making of this Order.
4. The filing, registration or perfection of the Administration Charge shall not be required, and the Administration Charge shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.
5. The Administration Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person (collectively, the "**Encumbrances**").
6. Except as otherwise provided herein, or as may be approved by this Honourable Court, Free Rein shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, the Administration Charge, unless Free Rein obtains the prior written consent of the Administrative Professionals or further order of this Court.

7. The Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Administrative Professionals thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the *BIA*;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds Free Rein, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Administration Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by Free Rein of any Agreement to which it is a party;
 - (ii) the Administrative Professionals shall not have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
 - (iii) the payments made by Free Rein pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

EXTENSION OF TIME TO FILE A PROPOSAL

8. The time within which Free Rein is required to file a proposal to its creditors with the Official Receiver under section 50.4 of the *BIA* is hereby extended to August 25, 2023.

J.C.C.K.B.A