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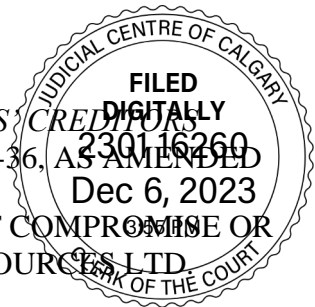
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

**PRE-FILING REPORT OF FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS PROPOSED MONITOR OF  
FREE REIN RESOURCES LTD.**

**December 6, 2023**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**PROPOSED MONITOR**

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**PRE-FILING REPORT OF THE PROPOSED MONITOR**

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## INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**”) is aware that Invico Income Limited Partnership (“**Invico**” or the “**Applicant**”), secured creditor of Free Rein Resources Ltd. (“**Free Rein**” or the “**Company**”) intends to make an application before the Court of King’s Bench of Alberta (the “**Court**”) seeking certain relief under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). In particular, the Applicant is seeking an Order (the “**Proposed Initial Order**”) and an amended and restated initial order (the “**ARIO**”) granting, among other things, a continuation of the NOI Proceedings under the CCAA, a stay of proceedings (the “**Stay of Proceedings**”) up to and including January 31, 2024 and appointing FTI as Monitor pursuant to the provisions of the CCAA.
2. On June 12, 2023 (the “**Filing Date**”), Free Rein filed a Notice of Intention to Make a Proposal (the “**NOI**”) under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). FTI was appointed as proposal trustee (FTI in such capacity, the “**Proposal Trustee**”) in the NOI proceedings of Free Rein (the “**NOI Proceedings**”). A copy of the Certificate of Filing issued by the Office of the Superintendent of Bankruptcy is attached hereto as Appendix “**A**”.
3. 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; and
  - (b) extended the stay of proceedings and time within which the Company is required to file a proposal to its creditors to August 25, 2023.

4. 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 is 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, 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. If no alternative transaction was obtained through the SISP, the Company has Court approval to close the Stalking Horse Transaction; and
  - (d) authorized the Proposal Trustee, with the assistance of the Company, to administer the SISP.
5. On October 5, 2023, the Court granted an Order which, among other things extended the stay of proceedings and time within which the Company is required to file a proposal to its creditors to November 23, 2023.
6. On November 23, 2023, the Court granted an Order which, among other things extended the stay of proceedings and time within which the Company is required to file a proposal to its creditors to December 12, 2023.
7. The Applicant is now applying to this Honourable Court seeking the Proposed Initial Order and ARIO, among other things:
  - (a) declaring that Free Rein is a company to which the CCAA applies;

- (b) authorizing the continuation of the NOI Proceedings under the CCAA (the “**CCAA Proceedings**”);
  - (c) authorizing Free Rein to carry on business in a manner consistent with the preservation of its business and property;
  - (d) authorizing Free Rein to pay the reasonable expenses incurred by it in carrying out its business in the ordinary course, including certain expenses incurred prior to the Proposed Initial Order;
  - (e) appointing FTI (“**Proposed Monitor**”) to monitor, with enhanced powers, the business and affairs of the Company pursuant to section 11.7 of the CCAA;
  - (f) staying all proceedings, rights and remedies against Free Rein or its business or property, except as otherwise set forth in the Initial CCAA Order;
  - (g) authorizing the Proposed Monitor to pay the reasonable fees and disbursements of the Proposed Monitor and its counsel;
  - (h) approving and continuing a charge in favour of the Monitor, its legal counsel, and the Applicant’s legal counsel in respect of their fees and disbursements, to a maximum amount of \$200,000 under section 11.52 of the CCAA (the “**Administrative Charge**”); and
  - (i) such further and other relief as may be sought by the Applicant and this Honourable Court may deem appropriate.
8. Electronic copies of all materials filed by the Applicant in connection with the Applicant’s December 7, 2023 application (“**December 7 Application**”) and other statutory materials are available on the Proposal Trustee's website at: <http://cfcanada.fticonsulting.com/freerein/>.

## PURPOSE

9. FTI has reviewed the Court materials filed by the Applicant in support of the December 7 Application. The purpose of this report (this “**Report**”) is to provide this Honourable Court and Free Rein’s stakeholders with information and the Proposed Monitor’s comments with respect to the following:
- (a) background information with respect to the Company;
  - (b) a summary of the activities of the Proposal Trustee since the Proposal Trustee’s report dated November 17, 2023, and an update on the status of the NOI Proceedings;
  - (c) the Applicant’s rationale supporting the continuation of the NOI Proceedings under the CCAA and the Proposed Monitor’s position thereon;
  - (d) the qualifications of FTI to act as Monitor in the CCAA Proceedings;
  - (e) an overview of the cash flow statement (the “**Cash Flow Statement**”) for the period ending February 3, 2024 (the “**Forecast Period**”) as well as the key assumptions on which the Cash Flow Statement is based;
  - (f) the relief sought by the Applicant in the Proposed Initial Order and ARIO and the Proposed Monitor’s recommendations in respect of same, including, among other things:
    - granting the Stay of Proceedings up to and including January 31, 2024; and
    - granting the continuation of the Administrative Charge sought by the Applicants.
10. This Report should be read in conjunction with the Affidavit of Chris Wutzke, sworn on December 4, 2023 (the “**Wutzke Affidavit**”), which describes in more detail Free Rein’s operations and circumstances leading to their current situation.

## TERMS OF REFERENCE

11. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Wutzke Affidavit, the Proposed Initial Order and the ARIO.
12. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information, other information available to the Proposed Monitor and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
13. Except as described in this Report:
  - (a) the Proposed 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 Proposed 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.
14. The Proposed Monitor has prepared this Report in connection with the Applicant's Application scheduled for December 7, 2023. This Report should not be relied on for other purposes.

15. Information and advice described in this Report that has been provided to the Proposed Monitor by its legal counsel, Cassels Brock & Blackwell LLP (the “**Proposed Monitor’s Counsel**”), was provided to assist the Proposed 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.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## **BACKGROUND INFORMATION**

17. 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.
18. Since the Filing Date, the Company has operated the P&NG Assets without any material disruption and the P&NG Assets were producing approximately 425 boe/d.
19. On November 24, 2023, the Company received notification from the counterparty (the “**Counterparty**”) to its Gas Handling Agreement (the “**GH Agreement**”) and Emulsion Handling Agreement (the “**EH Agreement**”) indicating that the Counterparty:
  - (a) is declaring a force majeure event due to receiving inlet gas volumes at levels below the minimum required volume to safely run the 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**”).



20. The Proposal Trustee understands that under the GH Agreement and EH Agreement, either party may be entitled to suspend its obligations if such party is prevented by force majeure from fulfilling any obligations.
21. Once the FM Notice takes affect and the services under the GH Agreement and EH Agreement are suspended, including payment of all amounts to the Company under those agreements, the Proposal Trustee anticipates a resulting material change to the Company's operations and cash flow due to its inability to process its natural gas production.

#### **ACTIVITIES OF THE PROPOSAL TRUSTEE**

22. Since the date of the Fourth Report of the Proposal Trustee, the Proposal Trustee has, among other things:
  - (a) reviewed Free Rein's receipts and disbursements and monitored the Company's performance relative to its cash flow forecast;
  - (b) continued to administer the SISP;
  - (c) responded to inquiries from stakeholders, suppliers and creditors who contacted the Proposal Trustee;
  - (d) assisted the Company in developing the Cash Flow Statement; and
  - (e) worked with the Company, Invico and their respective legal counsel to determine the most efficient manner to complete the Stalking Horse Transaction as further described below.

**STATUS OF THE SISP**

- 23. The Proposal Trustee, with the assistance of the Company, was authorized to administer the SISP to broadly canvas potential purchasers and investors in a structured manner to maximize value for the benefit of the Company’s creditors and stakeholders.
- 24. For ease of reference, key dates included in the SISP are set out in the table below:

<b>Milestone</b>	<b>Deadline</b>
Free Rein, the Proposal Trustee and Stalking Horse Bidder to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	September 1, 2023
Free Rein and the Proposal Trustee to prepare and have available for Potential Bidders access to the virtual data room	September 8, 2023
Phase 1 Bid Deadline	October 2, 2023
Phase 2 Bid Deadline	November 6, 2023
Closing Date Deadline	December 11, 2023

- 25. The Proposal Trustee can advise that the milestones set out in SISP have been met.
- 26. At the Phase 1 Bid Deadline nine non-binding letters of intent (“**LOIs**”) were received. The Proposal Trustee, in consultation with the Company, reviewed the LOIs and determined that six Phase 1 Qualified Bidders, in addition to the Stalking Horse Bidder, had submitted a Qualified LOI and were determined to be Phase 2 Qualified Bidders.
- 27. The Proposal Trustee and the Company assisted Phase 2 Qualified Bidders with due diligence requests during Phase 2. Prior to the Phase 2 Bid Deadline, the Proposal Trustee sent a bid instruction letter to Phase 2 Qualified Bidders setting out the requirements for a Phase 2 Bid.

28. The Proposal Trustee received two Phase 2 Bids, in addition to the Stalking Horse Term Sheet, on or before the Phase 2 Bid Deadline.
29. Pursuant to paragraph 37 of the SISP, the Proposal Trustee was required to notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constituted a Qualified Bid within ten business days of the Phase 2 Bid Deadline.
30. After the Phase 2 Bid Deadline, the Proposal Trustee sought additional details from the Phase 2 Qualified Bidders, including evidence of each's financial ability to close and operating status with the Alberta Energy Regulator to assist in determining whether the Phase 2 Bids were Qualified Bids. While this information was being sought the Proposal Trustee was advised of the FM Notice. Given the negative material impact of the FM Notice would have on operations and future cash flow, the Proposal Trustee advised the parties who submitted Phase 2 Bids of the FM Notice.
31. After being advised of the FM Notice neither party advanced their Phase 2 Bids and the Proposal Trustee determined that the Stalking Horse Term Sheet was the only Qualified Bid, and was therefore deemed to be the Successful Bidder.
32. The Proposal Trustee advised the Stalking Horse Bidder that it was the Successful Bidder and began preparations to apply to this Honourable Court for a Vesting Order approving the Stalking Horse Transaction and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid. As a result of the FM Notice, the Stalking Horse Bidder advised that it required additional time to assess the Company and the operations prior to its acquisition.

## CONTINUATION OF THE NOI PROCEEDINGS UNDER THE CCAA

33. The Applicant is seeking the Proposed Initial Order and ARIO to continue the NOI Proceedings under the CCAA to complete the Stalking Horse Term Sheet, which includes having the BIA Charges recognized in the CCAA Proceedings.
34. In FTI's view, the continuation of the NOI Proceedings under the CCAA is appropriate for the following reasons:
- (a) the deadline for the Company to file a proposal under the BIA in the NOI Proceedings will expire on December 12, 2023. The Company cannot meet this deadline as the Stalking Horse Term Sheet is the best offer available, and the Company needs additional time to close and implement the Stalking Horse Term Sheet. Therefore, converting the NOI Proceedings under the CCAA maximizes recoveries to the creditors in the circumstances;
  - (b) Free Rein has acted and continues to act in good faith and with due diligence, evidenced by the continued efforts to advance the SISP;
  - (c) No creditor will be materially prejudiced by the requested continuation and in the Proposed Monitor's view, continuing the NOI Proceedings under the CCAA is the most efficient way to complete the Stalking Horse Transaction;
  - (d) the relatively short timeline required to complete the Stalking Horse Transaction; and
  - (e) as outlined in the cash flow section below, Free Rein is projected to have sufficient cash flow to operate into mid-January, at which time it may require some form of additional liquidity or borrowings. The Proposed Monitor has discussed this liquidity requirement with Invico's counsel who has advised that they intend to return to Court before the end of January 2024 to seek approval to close the Stalking Horse Term Sheet through a reverse

vesting order. If funding is required at that time, the Proposed Monitor understands that Invico would be amenable to providing the relatively small amount of funding required to complete the administration of the estate.

35. No proposal within the meaning of the BIA has been filed by Free Rein under Division I of Part III of the BIA, therefore the taking up and conversion of the NOI Proceedings under the CCAA is not precluded under section 11.6 of the CCAA. Further:
- (a) Free Rein is a company to which the CCAA applies, is insolvent and has creditor claims against it in excess of \$5 million;
  - (b) the Proposed Monitor does not expect there to be any proceeds available for a distribution to unsecured creditors or to fund a proposal under the BIA. Therefore, completing the Stalking Horse Transaction under the CCAA benefits the public's interest continuing the carriage and custody of the P&NG Assets and maximizing the value of Free Rein's estate for the benefit of other stakeholders; and
  - (c) it is appropriate to carry the Administration Charge over to the CCAA as the beneficiaries are critical to completing the Stalking Horse Transaction.

#### **FTI'S QUALIFICATIONS TO ACT AS MONITOR**

36. FTI is a trustee within the meaning of section 2(1) of the *BIA*, as amended, and with respect to Free Rein, is not subject to any of the restrictions on who may be appointed as monitor as set out in section 11.7(2) of the CCAA. FTI has provided its consent to act as Monitor in the CCAA Proceedings, a copy of which is attached as hereto as Appendix "B".
37. Since being appointed as Proposal Trustee, FTI has acquired knowledge of the business and operations of Free Rein, including its key personnel, stakeholders and key issues in the proposed

CCAA Proceedings. As a result, FTI is in a position to immediately act as Proposed Monitor in the CCAA Proceedings, if so appointed by this Court.

38. The senior FTI personnel with carriage of the matter are *Chartered Insolvency and Restructuring Professionals* and *Licensed Insolvency Trustees* who have acted in numerous restructurings and CCAA matters of this nature and scale.
39. Neither FTI, nor any of its representatives, have been, at any time in the two proceeding years:
- (a) a director, officer or employee of Free Rein;
  - (b) related to Free Rein or to any director or officer of the Company; or
  - (c) the auditor, accountant or legal counsel, or a partner or employee of the auditor, accountant or legal counsel, of Free Rein.
40. FTI was initially appointed as Proposal Trustee on June 12, 2023, to assist in restructuring under the BIA. During the course of this mandate, FTI has, among other things:
- (a) participated in numerous meetings and discussions with Free Rein's senior management and legal advisors in connection with Free Rein's business and financial affairs generally and in connection with the preparation of the Cash Flow Statement;
  - (b) participated in numerous meetings and discussions with Free Rein, the Applicant and their respective legal advisors in connection with relief to be requested in these CCAA Proceedings;
  - (c) engaged legal counsel who have also participated in certain of the above meetings;
  - (d) obtained and reviewed financial and certain other information produced by the Free Rein relating to its operations, cash flow forecast and financial situation;

- (e) assisted Free Rein in the preparation of its cashflow forecasts;
- (f) administered the SISF; and
- (g) prepared this Pre-Filing Report.

## CASH FLOW STATEMENT

41. Free Rein, with the assistance of the Proposed Monitor, has prepared the Cash Flow Statement to set out the liquidity requirements of Free Rein during the Forecast Period. The Cash Flow Statement and management's report on the cash-flow statement as required by section 10(2)(b) of the CCAA are attached hereto as Appendix "C". The Cash Flow Statement is summarized in the following table:

<b>Cash Flow Statement</b>	
(C\$ 000s)	Total
<b>Receipts</b>	
Net production revenue	\$ 337
Other receipts	-
<b>Total - Receipts</b>	<b>337</b>
<b>Disbursements</b>	
Royalties	-
Surface leases	-
Transportation costs	(28)
Operating expenses	(237)
Capex	-
SG&A expense	(140)
Professional fees	(271)
GST remittance	-
<b>Total - Disbursements</b>	<b>(675)</b>
<b>Net cash flow</b>	<b>(338)</b>
Opening cash	231
Net cash flow	(338)
<b>Ending cash</b>	<b>\$ (107)</b>

42. The Cash Flow Statement indicates that, during the period ending on February 3, 2024, Free Rein will have a net cash loss of approximately \$0.3 million with total receipts of approximately \$0.3 million, and total disbursements of approximately \$0.7 million including professional fees of \$0.3 million.
43. The Cash Flow Statement is based on the following key assumptions:
- (a) cash receipts of approximately \$0.3 million, primarily related to collections from the sale of petroleum and natural gas substances;
  - (b) cash disbursements of approximately \$0.7 million primarily related to trade payments, payroll and benefits, other operating disbursements and professional fees;
  - (c) as noted above, the FM Notice will materially impact the Cash Flow Statement during the Stay of Proceedings as the forecast receipts relate to the sale of petroleum and natural gas substances; and
  - (d) the Cash Flow Statement does not contemplate the payment of any amounts to secured creditors, including principal and interest.

**Proposed Monitor's Comments on the Cash Flow Statement**

44. 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”.
45. 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 Proposed Monitor hereby reports as follows:



- (a) the Cash Flow Statement has been prepared by management of Free Rein for the purpose described in the notes to the Cash Flow Statement, using the probable assumptions and the hypothetical assumptions set out therein;
- (b) the Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of Free Rein. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor has also reviewed the information in provided by Management in support of the probable assumptions and the preparation and presentation of the Cash Flow Statement;

46. Based on its review, and as at the date of this Report, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
- (b) 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 Cash Flow Statement, given the hypothetical assumptions; or
- (c) the Cash Flow Statement does not reflect the probable and hypothetical assumptions;

- (d) since the Cash Flow Statement 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 Proposed Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. The Proposed 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; and
- (e) the Cash Flow Statement has been prepared solely for the purpose of estimating liquidity requirements of Free Rein during the forecast period. The Cash Flow Statement should not be relied upon for any other purpose.

## **RELIEF SOUGHT IN INITIAL ORDER AND AMENDED AND RESTATED ORDER**

### **Implementing the Stay of Proceedings**

- 47. Free Rein is seeking a Stay of Proceedings up to and including January 31, 2024.
- 48. As a result of, among other things, its insolvent status, Free Rein requires the Stay of Proceedings and other protections provided by the CCAA. In particular, the Stay of Proceedings is needed to maintain the status quo and provide time for Free Rein to complete the Stalking Horse Transaction.

### Administration Charge

49. The Proposed Initial Order and ARIO provides for the Administration Charge up to \$200,000 covering the period up to and including January 31, 2024, charging the assets of Free Rein, in favour of the Proposed Monitor and the Proposed Monitor's counsel as security for their professional fees and disbursements incurred both before and after the commencement of the CCAA Proceedings. The Administration Charge also secures in favour of Free Rein's counsel all amounts outstanding to them from Free Rein with respect to the NOI Proceedings, but does not secure any amounts incurred during the CCAA Proceedings.
50. The Proposed Monitor has reviewed (i) the underlying assumptions upon which the quantum of the proposed Administration Charge is based, (ii) the anticipated complexity of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge, and (iii) is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.
51. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings and completing the Stalking Horse Transaction.
52. FTI understands that the Applicant is seeking expanded powers for the Monitor under the CCAA in order to ensure there is a party with adequate authorization to complete the Stalking Horse Transaction and manage the Company's cash through closing.
53. The Proposed Monitor is qualified to undertake these expanded powers based on extensive prior experience as receiver and manager in prior insolvency proceedings in the oil and gas industry. The Proposed Monitor has consented to undertake these additional powers, if authorized by this Honourable Court.

54. The Proposed Monitor notes that the Applicant is also seeking approval of the ARIO at the same application. The Proposed Monitor understands that this relief has been sought before in similar matters involving the conversion of NOI proceedings to CCAA proceedings. The Proposed Monitor views the CCAA conversion as maintaining the status quo of the stay of proceedings to allow the Applicant to work towards advancing its transaction, which represents the only viable option available to the Company to effect a restructuring.

## CONCLUSIONS AND RECOMMENDATIONS

55. The Proposed Monitor is of the view that the relief requested by the Applicant pursuant to the proposed Initial Order and ARIO is necessary, reasonable and justified in the circumstances. The Initial Order and Stay of Proceedings will provide the Applicants with stability and the best opportunity to preserve value and maximize recoveries for its stakeholders.

56. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the proposed Initial Order and ARIO be granted.

57. Based on the foregoing, the Proposed Monitor supports the relief being sought by the Applicant and respectfully recommends that the Court grant the relief referenced in paragraph 7 herein.

All of which is respectfully submitted this 6th day of December 2023.

FTI Consulting Canada Inc. in its capacity as  
Proposed Monitor of Free Rein Resources,  
not in its personal or corporate capacity



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Name: Dustin Olver, CPA, CA, CIRP, LIT  
Title: Senior Managing Director,  
FTI Consulting Canada Inc.

## **Appendix “A” – Certificate of Filing a Notice of Intention to Make a Proposal**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Alberta  
Division No. 02 - Calgary  
Court No. 25-2954304  
Estate No. 25-2954304

In the Matter of the Notice of Intention to make a proposal of:

**Free Rein Resources Ltd.**

Insolvent Person

**FTI CONSULTING CANADA INC.**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:

June 12, 2023

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

-- AMENDED --

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 13, 2023, 11:32

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

**Canada**

Pre-Filing Report of FTI Consulting Canada Inc.,  
In its capacity as Proposed Monitor of Free Rein Resources Ltd.

## **Appendix “B” – Consent to Act**

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

Clerk's Stamp

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

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

APPLICANT INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP  
by its general partner INVICO DIVERSIFIED INCOME  
MANAGING GP INC.

RESPONDENT FREE REIN RESOURCES LTD.

DOCUMENT **CONSENT TO ACT AS MONITOR**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT Fasken Martineau DuMoulin LLP  
Suite 3400, 350 7<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3N9

Attention: Robyn Gurofsky / Anthony Mersich  
Telephone: (403) 261 9469 / (587) 233 4124  
Email: [rgurofsky@fasken.com](mailto:rgurofsky@fasken.com) / [amersich@fasken.com](mailto:amersich@fasken.com)

File No. 324505.00011

**CONSENT TO ACT AS MONITOR**

FTI Canada Consulting Inc. hereby consents to act as the court appointed Monitor, with enhanced powers,  
in respect of Free Rein Resources Ltd. if so appointed by this Honourable Court.

DATED at Calgary, Alberta this 4<sup>th</sup> day of December, 2023.

**FTI CANADA CONSULTING INC.**

Per:

  
Name: Dustin Olver  
Title: Senior Managing Director



## **Appendix “C” – Cash Flow Statement for the period ending February 3, 2024**



**FREE REIN RESOURCES**

December 6, 2023

FTI Consulting Canada Inc.  
Suite 1610, 520 Fifth Avenue S.W.  
Calgary, AB  
T2P 3R7

Attention: Dustin Olver, CA•CIRP

Dear Sir:

**Re: Proceedings under the Companies' Creditors Arrangement Act ("CCAA")  
Responsibilities/Obligations and Disclosure with Respect to Cash Flow Projections**

In connection with the application by Invico Income Limited Partnership for the commencement of proceedings under the CCAA in respect of Free Rein Resources Ltd. ("**Free Rein**"), the management of Free Rein ("**Management**") has prepared the attached Cash Flow Statement and the assumptions on which the Cash Flow Statement is based.

Management confirms that:

1. The Cash-Flow Statement and the underlying assumptions are the responsibility of the Free Rein;
2. All material information relevant to the Cash Flow Statement and to the underlying assumptions has been made available to FTI Consulting Canada Inc. in its capacity as proposed Monitor; and
3. Management has taken all actions that it considers necessary to ensure:
  - a. That the individual assumptions underlying the Cash Flow Statement are appropriate in the circumstances; and
  - b. That the individual assumptions underlying the Cash Flow Statement, taken as a whole, are appropriate in the circumstances.

Terry McCallum  
Chairman and CEO

Free Rein Resources Ltd.  
Cash Flow Statement for the period from December 3, 2023 to February 3, 2024

Cash Flow Statement (C\$ 000s)	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Notes
	Week Ending 9-Dec	Week 2 16-Dec	Week 3 23-Dec	Week 4 30-Dec	Week 5 6-Jan	Week 6 13-Jan	Week 7 20-Jan	Week 8 27-Jan	Week 9 3-Feb	
<b>Receipts</b>										
Net production revenue	\$ -	\$ -	\$ -	\$ 337	\$ -	\$ -	\$ -	\$ -	\$ -	1
Other receipts	-	-	-	-	-	-	-	-	-	
<b>Total - Receipts</b>	-	-	-	337	-	-	-	-	-	
<b>Disbursements</b>										
Royalties	-	-	-	-	-	-	-	-	-	
Transportation costs	-	-	-	(28)	-	-	-	-	-	2
Operating expenses	(30)	(73)	-	-	(30)	(73)	-	-	(30)	3
Capex	-	-	-	-	-	-	(73)	-	-	4
SG&A expense	(18)	(27)	-	(64)	-	(16)	-	(16)	-	5
Professional fees	-	-	-	(131)	-	-	-	(140)	-	6
GST remittance	-	-	-	-	-	-	-	-	-	7
<b>Total - Disbursements</b>	(48)	(100)	-	(223)	(46)	(46)	(73)	(156)	(30)	
<b>Net cash flow</b>	(48)	(100)	-	115	(46)	(46)	(73)	(156)	(30)	
Opening cash	231	183	83	83	198	198	152	79	(77)	
Net cash flow	(48)	(100)	-	115	(46)	(46)	(73)	(156)	(30)	
<b>Ending cash</b>	\$ 183	\$ 83	\$ 83	\$ 198	\$ 198	\$ 152	\$ 79	\$ (77)	\$ (107)	

  
FREE REIN RESOURCES LTD.  
Per: Terry McCallum, Chairman and CEO

**Notes:**

Management of Free Rein Resources Ltd. ("FRR") has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of FRR during the period of December 3, 2023 to February 3, 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 FRR's head office, employees, office lease and overhead based on its annual budget.
- 7 Professional fees includes estimates for the proposal trustee and its counsel and FRR's legal counsel.