



COURT FILE NUMBER/ESTATE NUMBERS 25-2954304  
B201954304

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

C111569

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

**FOURTH REPORT OF FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF FREE  
REIN RESOURCES LTD.**

**November 17, 2023**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**PROPOSAL TRUSTEE**

FTI Consulting Canada Inc.  
Suite 1610, 520 Fifth Avenue S.W.  
Calgary, AB T2P 3R7  
Dustin Olver / Brett Wilson  
Telephone: (403) 454-6032 / (403) 454-6033  
Fax: (403) 232-6116  
E-mail: [dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com)  
[brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com)

**COUNSEL**

Cassels Brock & Blackwell LLP  
Suite 3810, Bankers Hall West  
888 3rd Street S.W.  
Calgary, AB T2P 5C5  
Jefferey Oliver / Danielle Marechal  
Telephone: (403) 351-2921  
Fax: (403) 648-1151  
E-mail: [joliver@cassels.com](mailto:joliver@cassels.com)  
[dmarechal@cassels.com](mailto:dmarechal@cassels.com)

**FOURTH REPORT OF THE PROPOSAL TRUSTEE**

**TABLE OF CONTENTS**

INTRODUCTION..... 2  
PURPOSE ..... 3  
TERMS OF REFERENCE..... 4  
P&NG ASSETS & OPERATIONS..... 5  
SALE AND INVESTMENT SOLICITATION PROCESS ..... 7  
BUDGET TO ACTUAL RESULTS ..... 9  
CASH FLOW STATEMENT ..... 11  
PROPOSAL TRUSTEE’S CONCLUSIONS AND RECOMMENDATIONS ..... 13

Appendix “A” – Cash Flow Statement for the period ending December 30, 2023

## INTRODUCTION

1. On June 12, 2023 (the “**Filing Date**”), Free Rein Resources Ltd. (“**Free Rein**” or the “**Company**”), a private corporation formed under the laws of Alberta filed a Notice of Intention (the “**NOI**”) to make a proposal pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”).
2. FTI Consulting Canada Inc. (“**FTI**”) was appointed as proposal trustee (FTI in such capacity, the “**Proposal Trustee**”) in the NOI proceedings of Free Rein (the “**Proceedings**”).
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**”) and the Stalking Horse Term Sheet (as defined in the SISP); and
  - (c) 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. This Fourth report of the Proposal Trustee (the “**Fourth Report**”) is filed in connection with the Company’s application currently scheduled to be heard on November 23, 2023 (the “**November 23 Application**”), seeking an Order from the Court, among other things, extending the time for Free Rein to file a proposal to December 12, 2023 (the “**Stay Period**”).
7. Electronic copies of all materials filed by the Company in connection with the November 23 Application and other statutory materials are available on the Proposal Trustee’s website at: <http://cfcanada.fticonsulting.com/freerein>.

## **PURPOSE**

8. The Proposal Trustee has reviewed the Court materials filed by the Company in support of the November 23 Application. The purpose of this Fourth Report is to provide information to this Honourable Court pertaining to:
  - (a) the Company’s operations and assets;
  - (b) the status of the Company’s restructuring efforts, including comments on the SISP;
  - (c) budget to actual cash flow results for the period ended November 11, 2023;
  - (d) the Company’s updated cash flow statement (the “**Cash Flow Statement**”) for the period ending December 30, 2023;
  - (e) the Company’s request for an extension to the Stay Period; and
  - (f) the Proposal Trustee’s conclusions and recommendations.

## TERMS OF REFERENCE

9. In preparing this Fourth report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
  
10. Except as described in this Fourth Report:
  - (a) the Proposal Trustee 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 Proposal Trustee 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.
  
11. The Proposal Trustee has prepared this Fourth Report in connection with the November 23 Application. This Fourth Report should not be relied on for other purposes.
  
12. Information and advice described in this Fourth Report that has been provided to the Proposal Trustee by its legal counsel, Cassels Brock & Blackwell LLP (the "**Proposal Trustee's Counsel**"), was provided to assist the Proposal Trustee 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.

13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
14. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the SISP and Stalking Horse Term Sheet.

## **P&NG ASSETS & OPERATIONS**

15. The primary objectives of these Proceedings are to:
  - (a) ensure the Company has the necessary stability to maintain ongoing operations while it seeks to restructure its financial affairs; and
  - (b) provide a forum to effectuate a restructuring transaction for the benefit of the Company's creditors and preserve Free Rein's going concern business.
16. The Company's petroleum and natural gas assets ("**P&NG Assets**") are located primarily in Central Alberta in the Golden Spike area.
17. Since the Filing Date the Company has maintained the operation of the P&NG Assets without any material disruption and the P&NG Assets are currently producing approximately 425 boe/d.
18. On November 15, 2023, the Company received email (the "**November 15 Email**") 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) anticipates receiving inlet gas volumes at levels below the minimum required volume to safely run the plant on or about November 30, 2023;
  - (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;

- (c) expects to issue a force majeure notice under the GH Agreement and EH Agreement on or about November 30, 2023 (the “**FM Notice**”), when plant inlet volumes drop below the minimum required volume; and
  - (d) will notify the Company should anything change prior to November 30, 2023.
19. The Proposal Trustee understands that under the GH Agreement and EH Agreement, either party may be entitled to suspend its obligations under those agreements if it such party is prevented by force majeure from fulfilling any obligations.
20. The Proposal Trustee understands that the Company and its counsel are in the process of reviewing the November 15 Email and the impact of the FM Notice on the Company’s operations and cash flow.
21. If the FM Notice is issued and the services under the GH Agreement and EH Agreement are suspended, including payment of all amounts to the Company under those agreements (collectively, the “**Suspension of Services**”), the Proposal Trustee anticipates that this would result in a material change to the Company’s operations and cash flow due to the inability to process its natural gas production.
22. However, the Proposal Trustee also notes that even if the Suspension of Services took effect immediately on November 30, 2023, the Suspension of Services would materially reduce the Company’s production beginning December 1, 2023, and would not impact the Cash Flow Statement for the Stay Period requested in the November 23 Application, as revenue receipts are received on the 25th of every month for the preceding month’s production.
23. The Proposal Trustee anticipates providing further information and updates to stakeholders and this Honourable Court when available.

## SALE AND INVESTMENT SOLICITATION PROCESS

24. 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.
25. 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 VDR	September 8, 2023
Phase 1 Bid Deadline	October 2, 2023
Phase 2 Bid Deadline	November 6, 2023
Closing Date Deadline	December 11, 2023

26. The Proposal Trustee can advise that the milestones set out in SISP have been met to date and the Proposal Trustee and the Company have continued to advance the SISP. A summary of Phase 1 of the SISP is set out below.
- (a) Teaser Letter was distributed to Known Potential Bidders on September 1, 2023;
  - (b) VDR was made available to Potential Bidders on September 8, 2023; and
  - (c) 23 parties executed a non-disclosure agreement and were granted access to the VDR; and
  - (d) 9 LOI's, in addition to the Stalking Horse Term Sheet, were received by the Phase 1 Bid Deadline.

27. 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.
28. 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.
29. The Proposal Trustee received two Phase 2 Bids, in addition to the Stalking Horse Term Sheet, on or before the Phase 2 Bid Deadline.
30. Pursuant to paragraph 37 of the SISP, the Proposal Trustee shall notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constitutes a Qualified Bid within ten business days of the Phase 2 Bid Deadline.
31. As of the date of this Fourth Report, the Proposal Trustee is still evaluating the Phase 2 Bids and has requested additional information from the Phase 2 Qualified Bidders to determine whether the Phase 2 Bids constitute Qualified Bids. The Proposal Trustee intends to report further to this Honourable Court on the results of the SISP at a later date.
32. The Proposal Trustee has also advised the Phase 2 Qualified Bidders of the FM Notice and is currently discussing the potential impact on their Phase 2 Bid, if any.

## BUDGET TO ACTUAL RESULTS

33. The Company's actual cash flows as compared to those contained in the cash flow statement for the seven week period of September 24, to November 11, 2023, is summarized below.

<b>7 Week Period Ended November 11, 2023</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<i>(C\$ 000s)</i>			
<b>Receipts</b>			
Net production revenue	\$ 981	\$ 896	\$ 85
Other receipts	2	-	2
<b>Total - Receipts</b>	<b>983</b>	<b>896</b>	<b>87</b>
<b>Disbursements</b>			
Royalties	(30)	(51)	21
Transportation costs	(67)	(69)	1
Operating expenses	(261)	(254)	(7)
Capex	-	-	-
SG&A expense	(296)	(227)	(69)
Professional fees	(280)	(225)	(55)
GST remittance	-	-	-
<b>Total - Disbursements</b>	<b>(934)</b>	<b>(826)</b>	<b>(108)</b>
<b>Net cash flow</b>	<b>49</b>	<b>71</b>	<b>(21)</b>
Opening cash	26	26	-
Net cash flow	49	71	(21)
<b>Ending cash</b>	<b>\$ 76</b>	<b>\$ 97</b>	<b>\$ (21)</b>

34. The variances in actual receipts and disbursements as compared to the Cash Flow Statement are primarily due to the following:
- Receipts: positive variance of approximately 87,000 primarily due to higher realized pricing for the Company's oil and natural gas liquids than forecast and GST collected on sales which was not included in the forecast;
  - Disbursements: negative variance of approximately \$108,000 primarily comprised of the following:

- lower royalty payments than forecast in the period (timing variance expected to reverse in future periods);
- transportation costs and operating expenses were substantially in line with forecast in the period;
- SG&A expense was higher than budget partially due to the timing of funding payroll in the week ending November 11, 2023; and
- professional fees were higher than forecast, a portion of the variance is related to the catchup of outstanding professional fees from prior periods.

35. As at November 11, 2023, the Company had approximately \$76,000 of cash on hand.

#### **COMPANY'S ENGAGEMENT OF THIRD-PARTY CONSULTANT**

36. In its Third Report the Proposal Trustee reported in that the Company had engaged a third party consultant ("**Third Party Consultant**") that the Company believed could bring unique capital/financing solutions to support the Company's efforts to repay its secured creditors and fund a proposal to the Company's unsecured creditors.
37. The Proposal Trustee was notified on November 1, 2023, that the Third Party Consultant has ceased working on these refinancing efforts.

## CASH FLOW STATEMENT

38. The Company, in consultation with the Proposal Trustee, has prepared an updated Cash Flow Statement to estimate the Company’s liquidity for the period from November 12, 2023, to December 30, 2023 (the “**Forecast Period**”), a summary of which is presented below. A copy of the Cash Flow Statement is attached hereto as Appendix “A”.

<b>Cash Flow Statement</b>	
<b>(C\$ 000s)</b>	<b>Total</b>
<b>Receipts</b>	
Net production revenue	\$ 810
Other receipts	-
<b>Total - Receipts</b>	<b>810</b>
<b>Disbursements</b>	
Royalties	(26)
Transportation costs	(66)
Operating expenses	(213)
Capex	-
SG&A expense	(295)
Professional fees	(270)
GST remittance	(14)
<b>Total - Disbursements</b>	<b>(884)</b>
<b>Net cash flow</b>	<b>(73)</b>
Opening cash	76
Net cash flow	(73)
<b>Ending cash</b>	<b>\$ 2</b>

39. The Cash Flow Statement projects the Company will have net cash flow of approximately negative \$73,000 over the Forecast Period, including:
- cash receipts of approximately \$0.8 million, primarily related to the collections from the sale of petroleum and natural gas substances;
  - cash disbursements of approximately \$0.9 million primarily related to trade payments, payroll and benefits, other operating disbursements and professional fees.

40. As noted above, the FM Notice will not impact the Cash Flow Statement for the Stay Period requested at the November 23 Application as the forecast receipts relate to revenue generated for periods prior to November 30, 2023.
41. The Cash Flow Statement does not contemplate the payment of any amounts to secured creditors, including principal and interest. The Proposal Trustee is of the view that this is appropriate in light of:
- (a) the relatively accelerated timeline provided for by the extension of the Stay Period;
  - (b) to ensure that cash resources are maintained to facilitate the Company's restructuring efforts; and
  - (c) to minimize any potential prejudice to other post-filing creditors by paying amounts accruing to secured creditors.
42. The Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement, including assumptions that goods and services incurred after the Filing Date are paid when incurred.
43. The Proposal Trustee's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by the Company. Since probable and hypothetical assumptions need not be supported, the Proposal Trustee's procedures were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement, and there are no material assumptions contained therein which seem unreasonable in the circumstances.

44. Based on the Proposal Trustee’s review, as at the date of this Fourth Report, nothing has come to its attention that causes it to believe that, in all material respects:
- (a) the probable and hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement; and
  - (b) the probable and hypothetical assumptions developed by the Company are not supported and consistent with the plan of the Company or do not provide a reasonable basis for the Cash Flow Statement.

### **PROPOSAL TRUSTEE’S CONCLUSIONS AND RECOMMENDATIONS**

45. The stay of proceedings expires on November 23, 2023. At the November 23 Application, the Company is requesting an extension of the stay of proceedings to December 12, 2023.
46. The Proposal Trustee is of the view that the requested extension of the stay of proceedings is appropriate pursuant to section 50.4(9) of the BIA for the following reasons:
- (a) the Company and its management are acting in good faith and with due diligence in taking steps to facilitate a restructuring of the business;
  - (b) the extension of the Stay Period will allow sufficient time for the Company to advance the SISP enhancing the prospect of a viable proposal being presented;
  - (c) the Cash Flow Statement indicates that the Company will have sufficient liquidity to continue to fund operations and the cost of the Proceedings to December 12, 2023; and
  - (d) the Proposal Trustee is not aware of any reason that the extension of the Stay Period would materially prejudice any creditors.

47. Based on the foregoing, Proposal Trustee supports the relief being sought by the Company and respectfully recommends that the Court grant the relief referenced in paragraph 6 herein.

All of which is respectfully submitted this 17th day of November 2023.

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



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

## **Appendix “A” – Cash Flow Statement for the period ending December 30, 2023**

Free Rein Resources Ltd.  
Cash Flow Statement for the period from November 12, 2023 to December 30, 2023

Cash Flow Statement (C\$ 000s)	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Notes
	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	
<b>Receipts</b>								
Net production revenue	\$ -	\$ 459	\$ -	\$ -	\$ -	\$ -	\$ 351	1
Other receipts	-	-	-	-	-	-	-	
<b>Total - Receipts</b>	-	<b>459</b>	-	-	-	-	<b>351</b>	<b>810</b>
<b>Disbursements</b>								
Royalties	-	-	-	(26)	-	-	-	2
Transportation costs	-	(36)	-	-	-	-	(30)	3
Operating expenses	-	(102)	(30)	-	-	-	(81)	4
Capex	-	-	-	-	-	-	-	5
SG&A expense	(38)	-	(92)	-	(73)	-	(92)	6
Professional fees	-	(135)	-	-	-	-	(135)	7
GST remittance	-	-	-	-	-	-	(14)	
<b>Total - Disbursements</b>	<b>(38)</b>	<b>(273)</b>	<b>(122)</b>	<b>(26)</b>	<b>(73)</b>	-	<b>(352)</b>	<b>(884)</b>
<b>Net cash flow</b>	<b>(38)</b>	<b>186</b>	<b>(122)</b>	<b>(26)</b>	<b>(73)</b>	-	<b>(1)</b>	<b>(73)</b>
Opening cash	76	38	224	102	76	3	3	76
Net cash flow	(38)	186	(122)	(26)	(73)	-	(1)	(73)
<b>Ending cash</b>	<b>\$ 38</b>	<b>\$ 224</b>	<b>\$ 102</b>	<b>\$ 76</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 2</b>	<b>\$ 2</b>



FREE REIN RESOURCES LTD.  
Per: Terry McCallum, CEO

FTI CONSULTING CANADA INC., TRUSTEE UNDER THE NOTICE  
OF INTENTION TO MAKE A PROPOSAL  
Per: Dustin Oliver, LIT

**Notes:**

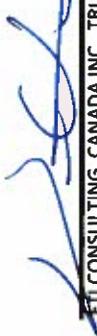
Management of Free Rein Resources Ltd. ("FRR") has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of FRR during the period of November 12, 2023 to December 30, 2023. This Projected Cash Flow Statement is based on probable and hypothetical 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

Free Rein Resources Ltd.  
Cash Flow Statement for the period from November 12, 2023 to December 30, 2023

Cash Flow Statement (C\$ 000s)	Week 1		Week 2		Week 3		Week 4		Week 5		Week 6		Week 7		Notes
	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	6-Dec	13-Dec	20-Dec	27-Dec	3-Dec	10-Dec		
<b>Receipts</b>															
Net production revenue	\$ -	\$ 459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351	\$ 810	\$ 810	1
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total - Receipts</b>		<b>459</b>										<b>351</b>	<b>810</b>	<b>810</b>	
<b>Disbursements</b>															
Royalties	-	-	-	-	(26)	-	-	-	-	-	-	-	(26)	(26)	2
Transportation costs	-	(36)	-	-	-	-	-	-	-	-	(30)	(66)	(66)	(66)	3
Operating expenses	-	(102)	(30)	-	-	-	-	-	-	-	(81)	(213)	(213)	(213)	4
Capex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
SG&A expense	(38)	-	(92)	-	(73)	-	-	-	-	-	(92)	(295)	(295)	(295)	6
Professional fees	-	(135)	-	-	-	-	-	-	-	-	(135)	(270)	(270)	(270)	7
GST remittance	-	-	-	-	-	-	-	-	-	-	(14)	(14)	(14)	(14)	
<b>Total - Disbursements</b>	<b>(38)</b>	<b>(273)</b>	<b>(122)</b>	<b>(122)</b>	<b>(26)</b>	<b>(73)</b>	<b>(26)</b>	<b>(73)</b>	<b>(73)</b>	<b>(73)</b>	<b>(352)</b>	<b>(884)</b>	<b>(884)</b>	<b>(884)</b>	
<b>Net cash flow</b>	<b>(38)</b>	<b>186</b>	<b>(122)</b>	<b>(122)</b>	<b>(26)</b>	<b>(73)</b>	<b>(26)</b>	<b>(73)</b>	<b>(73)</b>	<b>(73)</b>	<b>(1)</b>	<b>(1)</b>	<b>(73)</b>	<b>(73)</b>	
Opening cash	76	38	224	102	76	3	3	76	3	3	3	3	76	76	
Net cash flow	(38)	186	(122)	(122)	(26)	(73)	(26)	(73)	(73)	(73)	(1)	(1)	(73)	(73)	
<b>Ending cash</b>	<b>\$ 38</b>	<b>\$ 224</b>	<b>\$ 102</b>	<b>\$ 76</b>	<b>\$ 3</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 2</b>						

FREE REIN RESOURCES LTD.  
Per: Terry McCallum, CEO

  
FIT CONSULTING CANADA INC., TRUSTEE UNDER THE NOTICE  
OF INTENTION TO MAKE A PROPOSAL  
Per: Dustin Olver, LIT

**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 November 12, 2023 to December 30, 2023. 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.