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COURT

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CALGARY

MATTER

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

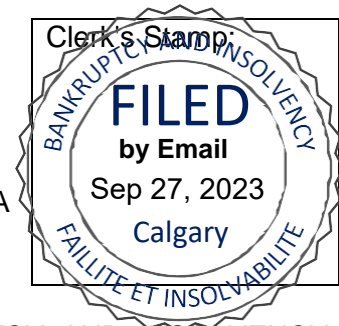
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FREE REIN RESOURCES LTD.

DOCUMENT

Bench Brief of Free Rein Resources Ltd.

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C91986

**APPLICATION BEFORE JUSTICE D.B. NIXON
OCTOBER 5, 2023 AT 12:45 PM ON THE COMMERCIAL LIST**

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I. INTRODUCTION

1. This is the Bench Brief of the Company, Free Rein Resources Ltd. ("**Free Rein**" or the "**Company**") in support of its application (the "**Application**") seeking an Order 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 November 23, 2023 (the "**Third Stay Extension**"), pursuant to section 50.4 of the *BIA*.¹

II. BACKGROUND

2. On June 12, 2023, Free Rein commenced the within proceedings (the "**NOI Proceedings**") by filing 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.

3. Free Rein is a private corporation, incorporated pursuant to the laws of the Province of Alberta with its registered office located in Calgary, Alberta.

4. Free Rein is an oil and gas company headquartered in Calgary, Alberta. Free Rein's core operations are located in Central Alberta in the Golden Spike area, focused on multi zone, light oil and gas plays.

5. FTI Consulting Canada Inc. is the proposal trustee of Free Rein (the "**Proposal Trustee**").

III. FACTS

6. The facts in support of Free Rein's Application are set forth in Affidavit No. 3 of Terry McCallum, sworn September 26, 2023 ("**McCallum Affidavit No. 3**"). Capitalized terms not otherwise defined herein have the meaning set forth in McCallum Affidavit No.3., Free Rein's Application, or the Third Report of the Proposal Trustee (the "**Third Report**").

7. The Proposal Period is set to expire on October 9, 2023. Free Rein requests the Third Stay Extension to November 23, 2023, which would provide it with the time needed to, among other things:

- (a) continue the restructuring of its business and affairs, and pursue strategic alternatives;

¹ *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, s. 50.4 [*BIA*]

- (b) continue operations and generate revenue;
- (c) continue implementing the SISP; and
- (d) preserve and enhance the value of Free Rein's business, for the benefit of all Free Rein's stakeholders.

8. The Third Stay Extension is critical to Free Rein's ability to make a viable proposal to its creditors.

9. The Proposal Trustee supports the Third Stay Extension.

IV. ISSUES

10. This Bench Brief addresses the sole issue in the Application, namely whether this Honourable Court should grant the Third Stay Extension.

V. LAW AND ARGUMENT

11. Free Rein filed the NOI on June 12, 2023.

12. The First Stay Extension extended the Proposal Period to August 25, 2023. The Second Stay Extension extended the Proposal Period to October 9, 2023.

13. On August 25, 2023, this Honourable Court granted the Second Stay Extension to October 9, 2023 and approved the SISP.

14. Pursuant to section 50.4(9) of the *BIA*, before the expiry of the Proposal Period, a debtor in a proposal proceeding may apply to the court for an order extending the time to file a proposal by a maximum of 45 days and the court may extend the time if it is satisfied that:

- (a) the insolvent person has acted, and is acting, in good faith and with due diligence;
- (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
- (c) no creditor would be materially prejudiced if the extension being applied for were granted.²

² *BIA* at s.50(9) [Tab 1].

15. In order to advance a proposal to present to its creditors, Free Rein is seeking the Third Stay Extension and respectfully submits that it ought to be approved for, among others, the following reasons:

- (a) since the Second Stay Extension, Free Rein has continued to act in good faith and with due diligence, in particular, as set out in the McCallum Affidavit No. 3, Free Rein has continued to (i) engage with its creditors, and (ii) work with the Proposal Trustee to advance the SISP and these proceedings generally;
- (b) the Third Stay Extension is required in order to continue implementing the SISP;
- (c) absent the Third Stay Extension, Free Rein will have no ability to finalize the SISP, make a viable proposal to its creditors, and will become bankrupt to the detriment of its stakeholders. In contrast, no creditor will be materially prejudiced if the Third Stay Extension is granted; and
- (d) the Proposal Trustee supports the Third Stay Extension.

16. Free Rein respectfully submits that this Honourable Court should exercise its discretion to grant the Third Stay Extension.

VI. CONCLUSION

17. For the reasons above, Free Rein respectfully requests this the Honourable Court approves:

- (a) the Third Stay Extension; and

- (b) such other ancillary relief as may be sought by Free Rein at the hearing of the Application.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 26th DAY OF SEPTEMBER, 2023

BURNET, DUCKWORTH & PALMER LLP

Per: 

David LeGeyt / Ryan Algar
Solicitors for Free Rein Resources Ltd.

TABLE OF AUTHORITIES

TAB	DOCUMENT
1.	<u><i>Bankruptcy and Insolvency Act, RSC 1985, c B-3</i></u>