

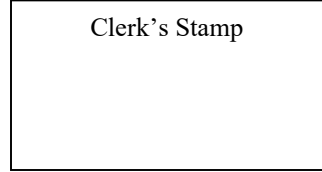


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Dec 7, 2023  
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Form 49  
[Rule 13.19]

COURT FILE NUMBER 2301-16260

COURT 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.**

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

RESPONDENT **FREE REIN RESOURCES LTD.**

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT

**FASKEN MARTINEAU DUMOULIN LLP**  
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File Number 324505.00011

**AFFIDAVIT OF CHRIS WUTZKE**

**Sworn (or Affirmed) on December 4, 2023**

I, Chris Wutzke, of Calgary, Alberta, SWEAR/AFFIRM AND SAY THAT:

1. I am the Chief Investment Officer of Invico Diversified Income Limited Partnership (“**Invico**”). As such, I have personal knowledge of the matters deposed herein, except where such matters are stated to be based on information and belief, and where so stated, I believe same to be true.

COURT FILE NUMBER **2301-**

Clerk's Stamp

COURT **COURT OF KING'S BENCH OF ALBERTA**  
JUDICIAL CENTRE **CALGARY**

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I, Chris Wutzke, of Calgary, Alberta, SWEAR/AFFIRM AND SAY THAT:

1. I am the Chief Investment Officer of Invico Diversified Income Limited Partnership (“**Invico**”). As such, I have personal knowledge of the matters deposed herein, except where such matters are stated to be based on information and belief, and where so stated, I believe same to be true.

2. I am authorized to swear this Affidavit on behalf of Invico.

**I. RELIEF SOUGHT**

3. I swear this Affidavit in support of an application by Invico for the following Orders:

- (a) An initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”) in respect of Free Rein Resources Ltd. (“**Free Rein**”), granting, among other things, the following relief:
  - (i) abridging the time for and deeming service of this Originating Application and supporting materials to be good and sufficient;
  - (ii) declaring that Free Rein is a company to which the CCAA applies;
  - (iii) continuing Free Rein’s proceedings commenced under Part III of the *Bankruptcy and Insolvency Act*, 1985, c B-3 (“**BIA**”), having Court of King’s Bench of Alberta Court File Number 25-2954304 and Estate Number B201954304 (the “**NOI Proceedings**”) under the CCAA;
  - (iv) declaring that Free Rein shall enjoy the benefits and protections provided for, and shall be subject to the restrictions as set out in the Initial Order and any amendments thereto;
  - (v) appointing FTI Canada Consulting Inc. (“**FTI**”) as Free Rein’s Monitor with enhanced powers (the “**Monitor**”);
  - (vi) authorizing the Monitor to make payment on Free Rein’s behalf and from Free Rein’s accounts, all post-filing obligations owing in respect of employee wages and benefits in the ordinary course;
  - (vii) authorizing the Monitor to carry, receive, preserve and protect Free Rein’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (the “**Property**”) and to manage and operate Free Rein’s business (the “**Business**”), including taking possession of the Property, with the exception of the physical oil and gas assets;

- (viii) staying, for an initial period, up to and including December 17, 2023 (the “**Stay Period**”), all proceedings and remedies taken or that might be taken in respect of Free Rein, the Business or the Property, except as otherwise set forth in the Initial Order or otherwise permitted by law, and upon subsequent application, a further period of time to be determined;
  - (ix) preventing any Person (as defined in the Initial Order) from accelerating performance of any rights in respect of Free Rein, except with the written consent of the Monitor, or leave of this Court;
  - (x) restraining any Person from interfering with the supply of goods or services to Free Rein;
  - (xi) staying all proceedings and remedies taken or that might be taken in respect of claims against the directors or officers of Free Rein that relate to liability of such Persons in their capacity as directors and officers of Free Rein, except as otherwise set forth in the Initial Order or otherwise permitted by law;
  - (xii) authorizing the payment of all reasonable fees and disbursements of the Monitor and the Monitor’s counsel, and the payment of any unpaid fees owing to Free Rein’s counsel in respect of the NOI Proceeding;
  - (xiii) Granting a charge in favour of the Monitor, its legal counsel and Free Rein’s counsel (the “**Administration Charge**”) to a maximum of \$200,000, such charge being a continuation of the Administration Charge granted in the NOI Proceeding, provided, however, that the Administration Charge only covers Free Rein’s counsel fees to the extent incurred in the NOI Proceeding; and
  - (xiv) Such further and other relief as Invico may request and this Honourable Court deems just; and
- (b) An Amended and Restated Initial Order (the “**ARIO**”), granting substantially the same relief as the Initial Order and extending the Stay Period until January 31, 2024.
4. Further, Invico intends to return to Court in January of 2024 to apply for approval of a transaction pursuant to a transaction approval and reverse vesting order (“**RVO**”) granting, among other things, the following relief:



- (a) approving the term sheet and subscription agreement (the “**RVO Transaction Documents**”) and the transaction contemplated thereby (the “**Transaction**”) for the sale of Free Rein’s Property and Business to Invico or its nominee;
  - (b) authorizing and directing the Monitor to execute the necessary RVO Transaction Documents to consummate the Transaction on the terms set out in the RVO Transaction Documents;
  - (c) authorizing the Monitor to cancel or redeem Free Rein’s existing shares for no consideration and to issue new shares of Free Rein in favour of Invico or its nominee;
  - (d) vesting the Transferred Assets and Transferred Liabilities (each defined in the RVO Transaction Documents) in a residual trust (the “**Residual Trust**”) for the benefit of certain of Free Rein’s creditors;
  - (e) declaring that all claims and encumbrances in respect of Free Rein and its Property, other than the Retained Liabilities (as defined in the RVO Transaction Documents), shall continue to attach to the Transferred Assets with the same nature and priority as they had immediately prior to the Effective Time (as defined in the RVO Transaction Documents);
  - (f) declaring that all claims and encumbrances other than the Retained Liabilities shall be irrevocably and forever expunged and discharged as against Invico or its nominee, Free Rein and the Retained Assets; and
  - (g) removing Free Rein from the CCAA proceeding and replacing it with the Residual Trust.
5. Free Rein urgently requires creditor protection under the CCAA. Free Rein commenced restructuring efforts on June 12, 2023 through the NOI Proceeding; however, due in large part to recent events that materially affect Free Rein’s ability to produce from its oil and gas assets (which are discussed in greater detail below), Free Rein’s efforts to restructure or effect a sale in the NOI Proceeding have broken down.
6. Under the BIA, Free Rein is restricted from further extending its time to file a proposal in the NOI Proceeding beyond December 12, 2023. Accordingly, Invico seeks to continue the NOI Proceedings under the CCAA, ultimately to complete a share transaction that will preserve as much of the value of Free Rein’s Property and Business that it can, given the operational constraints.

## II. BACKGROUND

### A. *Free Rein Business*

7. Free Rein Resources Ltd. (“**Free Rein**”) is an Alberta corporation engaged in the oil and gas exploration and production business, with a head office located in Calgary, Alberta.
8. Invico is Free Rein’s lender, holding a fixed and floating charge security interest registered in first position over all of Free Rein’s assets, as more particularly described below.
9. Free Rein’s assets, including wells, facilities and pipelines, are located west of the town of Devon, Alberta in the Golden Spike and Telfordville strike areas. I understand and verily believe based on information Invico maintains in Free Rein’s loan files, that Free Rein has an interest in at least 48 wellbores and associated facilities and pipelines. Free Rein also holds an interest in a water disposal well and has entered into agreements with respect to a waste management facility and to develop carbon capture, utilization and storage projects. Attached hereto as **Exhibit “A”** is a list of Free Rein’s Alberta Energy Regulator licensed wells, facilities and pipelines.
10. I have been advised by Terry McCallum, Chairman, CEO and directing mind of Free Rein (“**Mr. McCallum**”), that, until very recently, all of Free Rein’s gas production, approximately 40% of which includes sour production, is processed at a gas plant (the “**Tidewater Gas Plant**”) located near Acheson, Alberta, owned by Tidewater Midstream and Infrastructure Ltd. (“**Tidewater**”) pursuant to a Gas Handling Agreement and an Emulsion Handling Agreement, between Free Rein and Tidewater.
11. The processing of Free Rein’s gas in the area and its transportation to sales markets is highly challenging due to the fact that its gas is sour. There are a limited number of plants able to process sour gas, the Tidewater Gas Plant being one, however, many of those plants are at turn-down volumes, meaning that they are not running because they have insufficient throughput. After recent developments involving the Tidewater Gas Plant, more particularly described below, I understand based on discussions with Mr. McCallum, that Free Rein does not currently have any viable options to process or transport its sour gas. The only apparently viable option that has been presented to Invico by Mr. McCallum is a significant capital investment in Free Rein’s infrastructure to reduce the hydrogen sulfide content of its gas. As this option is not currently available, I understand that Free Rein has or is in the process of shutting in its production of both oil and gas, as it is not currently economic for Free Rein to extract oil alone.

12. Free Rein currently has three employees and approximately seven contractors that work in Free Rein's head office in Calgary or at Free Rein's field location west of Devon, AB.

***B. Invico Loan and Security***

13. Pursuant to a loan agreement dated September 21, 2022 between Invico as lender and Free Rein as borrower (the "**Loan Agreement**"), Invico agreed to advance a loan (the "**Loan**") to Free Rein in the aggregate principal amount of \$10,500,000 plus an amount to pay out Free Rein's obligations to Tartan Energy Group and Tartan Energy Tech (Shanghai) Inc. (collectively, "**Tartan**" and such payout being the "**Tartan Payout**"). A copy of the Loan Agreement is attached hereto as **Exhibit "B"**.
14. The Loan was to be advanced in three tranches, as follows:
  - (a) Tranche A, in the amount of \$6,100,000 to be advanced on the closing date set out in the Loan Agreement (the "**Closing Date**");
  - (b) Tranche B, to be advanced in multiple advances in the minimum amount of \$500,000 up to a maximum aggregate amount of \$4,400,000, which were available until the first anniversary after the Closing Date; and
  - (c) Tranche C, to pay the Tartan Payout.
15. Other key terms of the Loan Agreement include:
  - (a) Tranche A was to be used to pay down certain obligations owing under the master services agreement between Free Rein and Tartan (other than the Tartan Payout), up to an aggregate amount of \$1,400,000, and to fund capital expenditures (Article 2.2(a));
  - (b) Tranche B was to be used for capital expenditures (Article 2.2(b));
  - (c) The term of the Loan was three years from the Closing Date, or upon demand in accordance with the terms of the Loan Agreement (the "**Term**") (Article 2.5);
  - (d) Interest would accrue on the Loan at the prime lending rate per annum for commercial loans published by a Canadian Schedule I bank adopted by Invico ("**Prime**"), plus 8.3% per annum, adjusted monthly for any changes in Prime quoted on the first day of each month, subject to a minimum floor of 12% per annum (Article 3.1);

- (e) Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the interest rate would increase by a further 3% per annum.
- (f) During the Term, Free Rein was to make monthly repayments of the Loan, comprising of:
  - (i) A portion of the gross principal amount outstanding, amortized over 48 months (Article 4.1(a)); and
  - (ii) A portion of Free Rein's free cash flow to be paid on a quarterly basis (Article 4.1(b));
- (g) The records kept by Invico regarding the Loan constitute, in the absence of manifest error, *prima facie* evidence of the obligations of Free Rein owing to Invico;
- (h) The net proceeds from the sale of any of Free Rein's assets must be used to repay the obligations owing to Invico, except in respect of sales of certain permitted dispositions set out in the Loan Agreement (Article 4.4(b));
- (i) During the Term, Free Rein covenanted to (among other things):
  - (i) duly and punctually pay all sums of money due (Article 8.1(a));
  - (ii) maintain an Asset Coverage Ratio (as defined in the Loan Agreement) of not less than 1.40:1.00 for the period from and including the Closing Date to and including March 31, 2023, and thereafter maintain an Asset Coverage Ratio of not less than 2.00:1.00 (Article 8.3(a)); and
  - (iii) maintain a Debt Service Coverage Ratio (as defined in the Loan Agreement) of not less than 1.25:1:00, commencing with Free Rein's fiscal quarter ending December 31, 2022, and thereafter (Article 8.3(b) (the "DSCR Covenant")).
- (j) An Event of Default includes:
  - (i) non-payment of principal, interest, fees or any other amounts outstanding under the Loan Agreement and such non-payment is not remedied within five (5) days from the due date thereof (Article 9.1(a));

- (ii) the failure of Free Rein to observe or perform any covenant under the Loan Agreement where such failure is not cured within ten business days of the occurrence of such failure (Article 9.1(b)); and
    - (iii) the occurrence, in Invico's reasonable opinion, of a Material Adverse Effect (as defined in the Loan Agreement) (Article 9.1(o));
  - (k) Upon the occurrence of an Event of Default:
    - (i) the outstanding principal amount of the Loan and all other obligations will, at Invico's option, become immediately due and payable (Article 9.2(a)(i)); and
    - (ii) Invico may, in its discretion, exercise any right or recourse and proceed by any action, suit, remedy or proceeding against Free Rein and the Security (as defined in the Loan Agreement), and
  - (l) Free Rein will indemnify Invico for all costs, including legal fees on a solicitor and his own client basis, in connection Invico's exercise of its rights under the Loan Agreement (Article 10.2).
16. Invico advanced Tranche A to Free Rein on the Closing Date, as contemplated by the Loan Agreement. As a condition precedent to the advance of Tranche A, Tartan agreed to subordinate all present and future obligations owing to it by Free Rein in favour of all present and future obligations owing by Free Rein to Invico. Attached hereto as **Exhibit "C"** is the postponement, subordination and standstill agreement dated September 21, 2022 among Invico, Free Rein and Tartan (the "**Tartan Subordination Agreement**").
17. A further condition precedent to the advance of Tranche A was for Invico to be provided with a no interest letter from ATB Financial in respect of Free Rein (the "**NIL**"). Attached hereto as **Exhibit "D"** is a copy of the NIL.
18. As security for the Loan, Free Rein executed a fixed and floating charge demand debenture dated September 21, 2022 (the "**Debenture**") pursuant to which Free Rein granted a security interest in favour of Invico in the following (Article 3.1):
- (a) all of its present and after acquired real and immovable property (including, by way of sublease, leasehold lands) and all of its present and after acquired PNG Assets (as defined

in the Debenture), buildings, erections, improvements, fixtures and plant (whether the same form part of the realty or not) and all appurtenances to any of the foregoing, including the PNG Assets described in Schedule “B” of the Debenture;

- (b) all of its present and after acquired equipment, including all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired;
- (c) all of its present and after acquired hydrocarbons and inventory, including all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;
- (d) all of its present and after acquired intangibles, including all its present and after acquired book debts, accounts and other amounts receivable, contract rights and choses in action of every kind or nature;
- (e) its business and undertaking and all its present and after acquired real and personal property and assets, tangible and intangible, legal and equitable, moveable or immovable, of whatsoever nature and kind; and
- (f) all proceeds arising from any dealing with the forgoing.

(collectively, the “**Collateral**”);

19. The Debenture provides, among other things, that all amounts owing thereunder shall become immediately due and payable upon the occurrence of an Event of Default under the Loan Agreement which is continuing, and at such time the security interests with respect to the Collateral shall become enforceable (Article 4.1). Attached hereto as **Exhibit “E”** is a copy of the Debenture.

**C. *Operating Challenges and Cost Overruns***

20. Shortly after Invico advanced Tranche A of the Loan to Free Rein, Free Rein encountered operating challenges while conducting its drilling and completion program, which resulted in significantly lower production levels than projected.
21. In December of 2022, Free Rein’s Chief Operating Officer advised Invico that Free Rein had terminated the employment of its Vice President of Exploration, in part because one of Free Rein’s recently drilled wells had experienced recurring operational issues, including a collapsed well casing.

22. By February of 2023, Free Rein’s situation had deteriorated further. Throughout that month, Free Rein’s management communicated to Invico that its drilling program continued to experience cost overruns and delays in timing and execution, and that Free Rein was in breach of the DSCR Covenant for the period ended December 31, 2022.
23. On or around February 13, 2023, Invico was advised by a representative from Free Rein that the company’s Chief Operating Officer, was no longer working with Free Rein.
24. By mid-February, it became clear to Invico that Free Rein was experiencing serious operational challenges that were having a significant impact on its financial position.
25. On February 28, 2023, Free Rein provided a compliance certificate along with a supporting information package evidencing and confirming the breach of the DSCR Covenant for the period ended December 31, 2022.
26. As a result of Free Rein’s deteriorating circumstances, including the changes in management and the cost overruns experienced in respect of its drilling program, on March 7, 2023, Invico sent a letter to Free Rein (the “**Reservation of Rights Letter**”) advising Free Rein that the foregoing events each constituted a Material Adverse Effect under the Loan Agreement. Invico agreed to forbear from enforcing its rights under the Loan Agreement and Debenture if Free Rein agreed to:
  - (a) by March 17, 2023,
    - (i) develop and provide a plan to remedy the Material Adverse Effects and the DSCR Covenant breach;
    - (ii) provide financial projections for the remainder of 2023;
    - (iii) provide a written report outlining any outstanding litigation;
  - (b) by March 31, 2023, provide a term sheet for an equity injection of a minimum of \$5,000,000; and
  - (c) by April 30, 2023, confirm the completion of an equity injection of a minimum of \$5,000,000.(the “**Reservation of Rights Terms**”).

Attached hereto as **Exhibit “F”** is a copy of the Reservation of Rights Letter.

27. On March 10, 2023, Free Rein returned an executed copy of the Reservation of Rights Letter to Invico, indicating that it agreed to the Reservation of Rights Terms.
28. On March 31, 2023, Free Rein further defaulted when it failed to pay its monthly payment due under the Loan Agreement.

***D. Amended and Restated the Loan Agreement***

29. Notwithstanding Free Rein’s further default on March 31, 2023, Invico remained willing to work with Free Rein and agreed to provide it with a further opportunity to resolve its financial difficulties through either an equity investment or alternative financing.
30. In that regard, on April 18, 2023, Invico and Free Rein entered into an amended and restated loan agreement (the “**AR Loan Agreement**”) having an effective date of March 31, 2023. The AR Loan Agreement was designed to accommodate Free Rein’s requested timelines and to provide Free Rein with additional liquidity by deferring and capitalizing payments due under the AR Loan Agreement through to May 31, 2023. It was expected that these accommodations would allow Free Rein to improve its financial position.
31. In addition to the key terms under the Loan Agreement discussed at paragraph 15 above, which are restated in the AR Loan Agreement, the AR Loan Agreement contained the following terms:
  - (a) Invico agreed to forbear on exercising any rights under the AR Loan Agreement and the Debenture until the earlier of (a) May 31, 2023 and (b) the occurrence of a further Event of Default (Article 2.8);
  - (b) The loan balance was acknowledged as being \$5,727,833.17 as at the effective date of the AR Loan Agreement (Article 2.7(d));
  - (c) Free Rein acknowledged the existing defaults and agreed that Invico was, subject to the terms of the AR Loan Agreement, entitled to enforce its rights and remedies under the AR Loan Agreement and Debenture (Article 2.7 (a), (c));
  - (d) The interest payments & monitoring fees for the months of March, April and May of 2023 were capitalized into the principal amount owing under the Loan, and therefore no monthly payments were due from Free Rein for those months (Article 3.2);



- (e) the requirement to become compliant with the DSCR Covenant was extended to June 30, 2023 (Article 8.4(b));
- (f) Free Rein was to deliver to Invico confirmation and evidence of completion in respect of an equity raise for a minimum of \$5,000,000 from Enoch Equity Investment or other form of refinancing or recapitalization (the “**Equity Raise**”) by May 31, 2023 (Article 8.2(c));
- (g) Free Rein was to apply \$2,000,000 from the Equity Raise towards repayment of the Loan (Article 8.2(d)); and
- (h) Free Rein was not to make any payments to Tartan until the Equity Raise was complete and Invico received its repayment noted above (the “**Tartan Stop Payment**”) (Article 8.2(f)).

Attached hereto as **Exhibit “G”** is a copy of the AR Loan Agreement.

- 32. On May 8, 2023, Tartan provided written consent to the Tartan Stop Payment. Attached hereto as **Exhibit “H”** is a copy of the Tartan Stop Payment.

**E. Defaults under the AR Loan Agreement**

- 33. Within two months of entering into the AR Loan Agreement, Free Rein defaulted. In particular, Free Rein failed to complete the Equity Raise and repay \$2,000,000 toward the Loan by May 31, 2023, or at all.
- 34. As a result of those defaults and the prior uncured defaults, on June 2, 2023, Invico, through its legal counsel, sent a letter to Free Rein (the “**Demand Letter**”) demanding immediate repayment of all amounts owing under the AR Loan Agreement. Enclosed with the Demand Letter was a notice of intention to enforce security (the “**NITES**”) pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, R.S.C. c B-3 (the “**BIA**”). Attached hereto as **Exhibit “I”** is a copy of the Demand Letter and the NITES.

**F. The NOI Proceeding**

- 35. On or about June 16, 2023, Invico was advised by Free Rein, through counsel, that 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, which commenced the NOI Proceeding. FTI Consulting Canada Inc. (“**FTI**”) was appointed as Free Rein’s proposal trustee for the NOI Proceeding (in such capacity, the

“**Proposal Trustee**”). Attached hereto as **Exhibit “J”** is a copy of the Certificate of Filing for the NOI Proceeding.

36. From the outset of the NOI Proceeding, Free Rein advised Invico that it was pursuing several avenues for restructuring its affairs and that it was working towards the ultimate goal of presenting a proposal to its creditors. Those restructuring efforts are set out at paragraph 25 of Affidavit No. 1 of Terry McCallum, sworn July 4, 2023 in the NOI Proceeding (the “**First McCallum Affidavit**”), and included:

- (a) engaging in discussions with potential investors, such as the Enoch Cree First Nation;
- (b) seeking investment from certain high net worth individuals; and
- (c) seeking additional capital injections from Free Rein’s existing shareholders.

(collectively, the “**Initial Restructuring Efforts**”). Attached hereto as **Exhibit “K”** is a copy of the First McCallum Affidavit, without exhibits.

37. On July 11, 2023, Free Rein applied for and obtained an extension of time to file a proposal to August 25, 2023 pursuant to an order of Justice Feth (the “**First Extension Order**”). In addition, the First Extension Order created an Administration Charge over all of Free Rein’s assets, in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, to secure the payment of the professional fees of Free Rein’s legal counsel, as well as the professional fees of the Proposal Trustee and its legal counsel, up to the maximum amount of \$200,000. Attached hereto as **Exhibit “L”** is a copy of the First Extension Order.

**G. *The SISP***

38. As a result of Free Rein’s inability to obtain the requisite investment prior to the NOI Proceeding, Invico was skeptical of Free Rein’s ability to generate a transaction on its own and in a relatively short period of time. As a result, Invico made it clear to Free Rein and the Proposal Trustee that unless an investment was imminent, it would be important to commence a formal strategic process as quickly as possible to market Free Rein’s business and property and solicit a transaction.

39. Ultimately, the Initial Restructuring Efforts failed to produce any refinancing or additional investment in Free Rein. As a result, pursuant to an Order dated August 25, 2023 by the Honourable Justice Hollins (the “**Second Extension and SISP Order**”), Free Rein commenced a sale and

investment solicitation process (“SISP”) for the sale of, or investment in, Free Rein’s assets or business. The SISP was administered and supervised by the Proposal Trustee. The Second Extension and SISP Order also extended the time for Free Rein to file a proposal to October 9, 2023. Attached hereto as **Exhibit “M”** is a copy of the Second Extension and SISP Order.

40. The SISP provided the following key milestones:

<u>Event</u>	<u>Deadline</u>
Commence marketing of the SISP	No later than September 1, 2023
Potential bidders provide non-binding LOI (Phase 1 Bid Deadline)	October 2, 2023 at 5:00 p.m.
Binding formal offer from qualified bidders (Phase 2 Bid Deadline)	November 6, 2023 at 5:00 p.m.
Closing of transaction	As soon as practical court after approval, but in any event, prior to December 12, 2023

41. Under the SISP, Invico provided a stalking horse term sheet (the “**Stalking Horse Term Sheet**”) that contemplated a credit bid in the amount of all of the secured indebtedness owing by Free Rein to Invico. The Stalking Horse Term Sheet provided that Invico could advance its bid either in the form of an asset purchase, or in the form of a share transaction. The Stalking Horse Term Sheet is attached as Schedule A to the SISP, which is appended to the Second Extension and SISP Order.

42. On October 5, 2023, the time for Free Rein to file a proposal was further extended until November 23, 2023, pursuant to an Order of the Honourable Associate Chief Justice Nixon (the “**Third Extension Order**”). Attached hereto as **Exhibit “N”** is a copy of the Third Extension Order.

43. I understand from reviewing the Fourth Report of the Proposal Trustee in the NOI Proceeding, dated November 17, 2023 (the “**Trustee’s Fourth Report**”), that 23 parties executed non-disclosure agreements for the SISP and were granted access to Free Rein’s virtual data room. Nine parties submitted non-binding LOIs by the Phase 1 Bid Deadline (including the stalking horse bid submitted by Invico). Of the parties that submitted non-binding LOIs, six were determined by the Proposal Trustee and Free Rein to be qualified bidders that would be permitted to conduct further due diligence, with a view to submitting a binding formal offer before the Phase 2 Bid Deadline.

44. I also understand from reviewing the Trustee's Fourth Report and through discussions with the Proposal Trustee, that two formal offers were received, outside of the Stalking Horse Term Sheet, on or before the Phase 2 Bid Deadline of November 6, 2023. One such offer was from a group led and organized by Mr. McCallum. Attached hereto as **Exhibit "O"** is a copy of the Trustee's Fourth Report.

***H. The Tidewater Gas Plant shut down***

45. On November 15, 2023, just over a week after the Phase 2 Bid Deadline, Tidewater notified Free Rein, by email (the "**November 15 Email**") that Tidewater anticipated that the inlet gas volumes at the Tidewater Gas Plant would not be sufficient for the Tidewater Gas Plant to be safely run. Tidewater indicated that, as a result, it would be shutting down the Tidewater Gas Plant as of November 30, 2023 and would be unable to accept Free Rein's production at the Tidewater Gas Plant after November 30, 2023. Tidewater advised that it anticipated issuing "force majeure" notices to Free Rein under the Gas Handling Agreement and the Emulsion Handling Agreement (the "**Force Majeure Notice**"). Attached hereto as **Exhibit "P"** is a copy of the November 15 Email.
46. As a result of the Tidewater Gas Plant's shut down, Free Rein was forced to temporarily shut in all of its producing wells. As noted, Free Rein is severely challenged in securing alternate gas transport and processing due to the hydrogen sulfide content of its gas production.
47. The end result of the Tidewater Gas Plant's shut down is that Free Rein is not currently able to produce oil or gas or otherwise generate any revenue until either short term or longer term strategies are developed that are cost effective and meet regulatory approval. These strategies would require capital and operating expenditures.
48. On or about November 18, 2023, the Proposal Trustee advised all parties that had submitted offers by the Phase 2 Bid Deadlines of the Gas Plant's impending shut-down. The parties that had submitted offers did not advance their proposals and no qualified bids were thereafter received.
49. On November 24, 2023, Tidewater issued the Force Majeure Notice to Free Rein. Attached hereto as **Exhibit "Q"** is a copy of the Force Majeure Notice.

***I. Free Rein's Assets and Liabilities***

*Financial Statements*

50. Attached hereto as **Exhibit “R”** is a copy of Free Rein’s most recent audited financial statements, for the years ending March 31, 2021 and March 31, 2022. Attached hereto as **Exhibit “S”** is a copy of Free Rein’s most recent quarterly unaudited financial statements for the period ending December 31, 2022.

Assets

51. Free Rein’s statement of financial position as at December 31, 2022 lists total assets of \$20,974,387, which includes (i) cash in the amount of \$1,796,751; (ii) accounts receivable in the amount of \$1,738,412; (iii) prepaid expenses in the amount of \$233,341, (iv) property and equipment valued at \$17,044,631 and (v) right of use assets in the amount of \$171,252.
52. Free Rein’s main assets are its oil and gas properties, which are carried in its financial statements at \$17,044,631 as at December 31, 2022. Attached hereto as **Exhibit “T”** is a copy of Free Rein’s mineral lease report that sets out all of Free Rein’s oil and gas lease holdings.
53. Free Rein receives revenue from its oil and gas production on the 25<sup>th</sup> day of every month. The payment received in any month relates to the production from the previous month. This payment arrangement is standard for Alberta’s oil and gas sector. Accordingly, Free Rein expects to be receive payment on or about December 25, 2023 in respect of its oil and gas production for the month of November 2023.
54. As noted above, Free Rein shut in all of its oil and gas production on or around November 30, 2023 due to the closure of the Tidewater Gas Plant. As a result, it is not expected that Free Rein will generate any revenue after December 25, 2023, unless and until a longer term strategy is developed to allow for Free Rein’s oil and gas to be processed, with capital expenditures to support such strategies.

Liabilities

55. As at December 31, 2022, Free Rein’s total liabilities had a book value of \$18,696,608, which includes, among others, (i) accounts payables and accrued liabilities in the amount of \$5,884,345, (ii) \$5,431,055 of secured indebtedness owing to Invico (iii), \$2,254,040 of secured indebtedness owing to Tartan, (iv) \$145,211 owing to lease obligations, and (v) \$3,322,142 owing for decommissioning obligations.

56. The details of the secured indebtedness owing to Invico are addressed in greater detail above. As at December 4, 2023, the total secured indebtedness owing by Free Rein to Invico is \$6,144,062.83, together with interest, fees and costs continuing to accrue (the "**Invico Secured Debt**").

*Builders Liens*

57. Builders' liens have been registered against Free Rein's mineral leases, the details of which are as follows:

- (a) Codeco-Vanoco Engineering Inc. ("**Codeco**") filed liens over Free Rein's interest in Agreements 001/22254 and 001/115420 (Petroleum and Natural Gas Leases) over 5 parcels of land totalling \$190,378.23;
- (b) STEP Energy Services Ltd. ("**STEP**") filed a lien over Free Rein's interest in Agreement 001/115420 (Petroleum and Natural Gas Lease), in the amount of \$79,962.77;
- (c) CWC Energy Services Corp. ("**CWC**") filed liens in respect of Free Rein's interest in Agreements 001/115420 and 001/22254 (Petroleum and Natural Gas Leases), each in the amount of \$23,831.42 and \$79,205.62, respectively.

58. I have been advised by Mr. McCallum that the liens registered by Step and CWC have met the technical requirements to be valid, and that each of the lien claimants performed the work claimed under the respective liens. On this basis, Invico proposes to pay the amounts owing to Step and CWC as a "Priority Payable" in the proposed Transaction.

59. However, I have been advised by Mr. McCallum that Free Rein contests the liens registered by Codeco on the basis that the work performed by Codeco was faulty and caused damage to the wellbore. Mr. McCallum asserts that Codeco's negligence gave rise to significant cost overruns, and impaired Free Rein's oil and gas production, which ultimately led to Free Rein's insolvency. Free Rein filed a Statement of Claim against Codeco in the Court of King's Bench of Alberta on March 20, 2023 claiming damages in excess of \$1,000,000. Codeco filed its lien action five months later, on August 23, 2023.

60. When applying for the RVO, Invico will propose a mechanism to facilitate the expeditious resolution of the dispute regarding the Codeco claim while treating the claim as a Transferred Liability under the proposed Transaction.

*Canada Revenue Agency and other tax obligations*

61. I have been advised by the Proposal Trustee that Free Rein is current on its employee remittance obligations, and that Free Rein may have GST remittance arrears of approximately \$100,000.
62. I have also been advised by the Proposal Trustee that Free Rein has property tax arrears in the approximate amount of \$70,000.

*PPSA Registrations*

63. I understand from my review of a search result in respect of Free Rein from Alberta's personal property registry ("PPR") that there are three registrations against Free Rein under the *Personal Property Security Act*. Those registrations have been made by Invico, Tartan and ATB Financial. I understand that Invico's security registration enjoys priority over the others pursuant to the Tartan Subordination Agreement and the NIL, which are addressed at paragraphs 16 and 17 above. Attached hereto and marked as **Exhibit "U"** is a copy of the PPR report.

*Office Lease Obligations*

64. Free Rein leases its head office premises in Calgary, Alberta. The office is located at 3900, 350 7<sup>th</sup> Avenue SW, Calgary, AB, and is for 9,036 square feet of office space.
65. I am advised by the Proposal Trustee that Free Rein's monthly rent under its office lease is approximately \$30,000, and that no rental arrears are outstanding.

*Equity*

66. I understand from Mr. McCallum's affidavits filed in the NOI Proceeding that Free Rein has 47 shareholders, holding between approximately 0.15% and 35% of the issued and outstanding common shares.

**III. CCAA PROTECTION**

**A. *CCAA Protection Urgently Required***

67. The NOI Proceeding has been underway for nearly six months and has failed to generate a viable proposal or other transaction.

68. I have been advised by Invico's legal counsel that unless the NOI Proceeding is converted to a CCAA Proceeding, Free Rein will be deemed bankrupt after December 12, 2023, being six months after Free Rein filed the NOI.
69. The timing of the Force Majeure Notice, at the end of Free Rein's SISP and just before the expiry of the NOI Proceedings (at which time there will be an automatic bankruptcy) has disrupted the SISP in its final stages, thereby causing a significant amount of urgency in these proceedings.
70. Invico remains the only party willing to transact with Free Rein, and is doing so as a protective measure so that one day it may recover the loan from Free Rein's assets. However, Invico is concerned, based on legal advice it received, that the structure of the transaction that it believes is necessary to pursue to protect its position (i.e. the Transaction) cannot be properly effected through a bankruptcy proceeding, which I understand is inevitable at the end of the day on December 12, 2023 without judicial intervention.

**B. *Free Rein meets the CCAA Statutory Requirements***

71. Free Rein is a company to which the CCAA applies. It has claims against it well in excess of \$5,000,000. The Invico Secured Debt alone is in excess of \$6 million and total secured and unsecured claims against Free Rein exceeds \$11.7 million.
72. Free Rein is insolvent and unable to meet its obligations as they generally become due. Free Rein has been in default of its obligations under the Loan Agreement and the AR Loan Agreement since early 2023.
73. As of December 1, 2023, Free Rein's oil and gas production, its only means for generating revenue, has been shut in for a period of time. As a result, Free Rein is not forecast to generate any cash flow for some time after December 25, 2023. Free Rein's obligations remain outstanding and Free Rein has no means by which it can satisfy them.

**C. *Stay of Proceedings***

74. Invico, as Free Rein's senior secured lender, wishes to proceed with a transaction that will result in Invico being Free Rein's sole shareholder (i.e. the Transaction). The terms of the Transaction are discussed in greater detail below.



75. Invico requires additional time to complete the definitive documents required for the Transaction and ensure that proper notice is given to all parties affected by the Transaction. Without the conversion to the CCAA proceedings, Free Rein will be automatically bankrupt after December 12, 2023, which would cause an immediate and significant erosion of value of Free Rein's estate, and would make the Transaction significantly more challenging and costly. Further, it is in the parties' best interests to ensure the stay of proceedings continues beyond December 12, 2023, until such time as Invico can return to Court seeking approval of a transaction and then close that transaction, so as to maintain stability and to reduce the risk of creditors taking advantage of self-help remedies. As a result, Invico respectfully requests that the NOI Proceeding be continued under the CCAA.
76. Invico expects to return to Court towards the end of January to seek approval of a transaction pursuant to the RVO, and therefore seeks a stay of proceedings against Free Rein and its Property until January 31, 2024, pursuant to the ARIO, in order to provide stability and maintain the status quo in respect of Free Rein until the Transaction has closed.
77. I have been advised by Invico's legal counsel that typically in a CCAA proceeding, an ARIO is granted at a "comeback hearing" that takes place within ten days of the Initial Order being granted, and that this ten day period is provided to allow the debtor sufficient time to notify its creditors of the comeback hearing.
78. Invico's Application for the Initial Order and ARIO takes place at the conclusion of the NOI Proceedings, which has lasted nearly six months. All of Free Rein's creditors have been notified of the insolvency proceedings and consequent stay of proceedings by virtue of the statutory notice that was issued by the Proposal Trustee at the outset of the NOI Proceedings, a copy of which is attached hereto and marked as **Exhibit "V"** (the "**Statutory Notice**"). All pertinent documentation in the NOI Proceedings has been posted on the Proposal Trustee's website, a reference to which is contained in the Statutory Notices. Parties interested in following the proceedings have asked to be placed on the Service List maintained by Free Rein and the Proposal Trustee in the NOI Proceedings. On this basis, Free Rein's creditors have been aware of the stay imposed as a result of the NOI Proceedings, and those following the process were also notified about the Administration Charge as well as the SISP.

79. Given the prior notice of the NOI Proceedings and the fact that Invico is the fulcrum creditor as evidenced by the results of the SISP, I do not believe that any creditors will be prejudiced by the consecutive granting of the Initial Order and the ARIO.

***D. Cash Flow Forecast***

80. A copy of Free Rein's short term cash flow forecast for the period expiring January 31, 2024 is being prepared by FTI as the proposed Monitor. I understand that the cash flow forecast will be attached to a report prepared by the proposed Monitor.

81. The principal use of funds until January 31, 2024 will be used to fund general administrative expenses and professional fees largely incurred by Free Rein during the NOI Proceedings.

***E. Proposed Monitor***

82. Invico seeks the appointment of FTI to act as Monitor with enhanced powers in these proceedings. Attached hereto as **Exhibit "W"** is a copy of FTI's consent to act as Monitor.

83. Invico is seeking enhanced powers for the proposed Monitor in order to allow the Monitor to carry out many of the functions, duties and powers that would normally be carried out by the directors and officers of Free Rein.

84. Since Free Rein's oil and gas operations have wound down, the scope of Free Rein's management's duties has been significantly narrowed. If the relief sought by Invico is granted, the only remaining duties for Free Rein's management will be (a) to take the necessary steps to complete and close the Transaction, and (b) to engage a field operator to monitor Free Rein's shut-in wells until the Transaction closes. Given the lack of transaction in the NOI Proceedings, Invico is looking to FTI as proposed Monitor, to negotiate and conclude the RVO Transaction Documents and, if subsequently approved by the Court, close the Transaction.

85. I have been advised by Mr. McCallum that he continues search for investors to inject capital into Free Rein or to buy out the Invico Secured Debt. While Invico remains skeptical given the lack of transaction both before and during the NOI Proceedings, it would welcome a third party stepping in to pay the Invico Secured Debt or purchase the assets at a value that would enable Invico to recover the debt. That said, Invico is hopeful that this search for capital does not interfere with the efforts to quickly and efficiently wind down the proceedings and close the proposed Transaction,

if approved in January of 2024, particularly given Mr. McCallum's focus to date on a deal in which he is involved.

86. I also understand from reviewing Free Rein's records that Free Rein has granted multiple gross over-riding royalties in respect of its mineral interests to non-arm's length parties, which is discussed in more detail below. It is important that Invico obtain the background information surrounding the granting of these royalties, in order to properly determine how they should be treated in the proposed Transaction.
87. In light of the foregoing, Invico requests that the Monitor be granted enhanced powers to allow the Monitor to, among other things, on Free Rein's behalf, enter into definitive documents to consummate the Transaction to and take the necessary steps to complete and close the Transaction.

***F. Administrative Charge***

88. Invico is seeking the continuation of the court-ordered charge over Free Rein's property in favour of the Monitor and counsel to the Monitor, as well as any outstanding fees owing to Free Rein's counsel from the NOI Proceeding (the "**Administration Charge**"). The proposed Administration Charge under the CCAA proceedings is for the maximum amount of \$200,000, which is the same quantum as was granted in the NOI Proceeding. All of the beneficiaries of the Administration Charge have contributed to Free Rein's restructuring efforts and the Monitor and counsel to the Monitor will continue to contribute to those efforts.

***G. The RVO Transaction***

89. In January of 2024, Invico intends to seek this Honourable Court's approval of the Transaction that is contemplated in part by the term sheet attached hereto as **Exhibit "X"** (the "**RVO Term Sheet**"). Key terms of the proposed Transaction include:

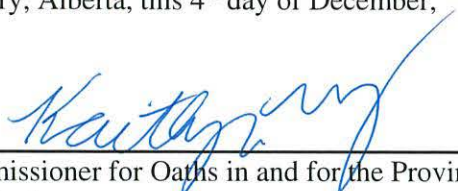
- (a) The consideration paid by Invico or its nominee (the "**Purchaser**") shall be comprised of:
- (i) a cash payment of \$1.00;
  - (ii) a cash payment to satisfy the Priority Payables (as defined in the RVO Term Sheet);
  - (iii) the assumption or payment of Cure Costs (as defined in the RVO Term Sheet); and

- (iv) the assumption of the entirety of the Invico Secured Debt.
  - (b) The Purchaser will be issued new shares in Free Rein, and the existing shares in Free Rein will be redeemed for nominal consideration such that the Purchaser will be the sole shareholder of Free Rein;
  - (c) The Transferred Assets and Transferred Liabilities (each, as defined in the RVO Term Sheet) shall be transferred to a residual trust (the “**Residual Trust**”) to be administered by the Monitor (in such capacity, the “**Trustee**”); and
  - (d) All of the claims and encumbrances against Free Rein and its Property shall be transferred to and assumed by and shall vest in the Residual Trust, where such claims and encumbrances shall continue to attach to the Transferred Assets with the same nature and priority as they had immediately prior to their transfer, as if the Transferred Assets had not been conveyed and had remained in the possession or control of the person having that possession or control immediately prior to the transfer.
90. I understand from my review of Free Rein’s mineral property report and discussions with Mr. McCallum that certain lands have been encumbered by gross overriding royalties (“**GORRs**”). In particular, the mineral property report shows GORRs granted in favour of:
- (a) New Start Energy Ltd. (“**New Start**”), the background for which I have no information;
  - (b) Newgrange Energy Inc. (“**Newgrange**”) which I understand is a company related to Mr. McCallum; and
  - (c) “Shareholders”, which I have been advised by Mr. McCallum to be shareholders of Free Rein.
91. Invico continues to review the royalty agreements and has requested background information to properly understand the basis for their grant. This issue will be addressed at the RVO application.

#### IV. CONCLUSION

92. The SISP has concluded, and the proposed Transaction is the only remaining option for Free Rein’s business or assets. Further, given that Free Rein has been forced to shut-in its oil and gas production due to the Tidewater Gas Plant’s closure, it is highly unlikely that any other offers will materialize in the near term.

- 93. Invico is advised by legal counsel that it will be extremely costly and difficult, if not impossible, to close the proposed Transaction in a bankruptcy, which Free Rein will enter by virtue of its NOI Proceedings concluding at the end of day on December 12, 2023.
- 94. As a result, Invico asks this Court to convert the NOI Proceedings to a CCAA proceeding, in order to facilitate the proposed Transaction, the only mechanism available to Invico to potentially recover the Invico Secured Debt.
- 95. I swear this affidavit in support of Invico's application for an Initial Order and an Amended and Restated Initial Order under the CCAA.

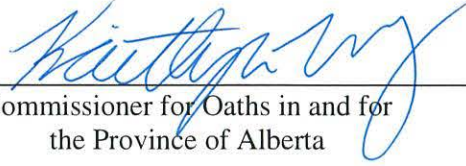
SWORN (OR AFFIRMED) BEFORE ME at )  
Calgary, Alberta, this 4<sup>th</sup> day of December, )  
2023. )  
)  
)  
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)  
  
\_\_\_\_\_)  
Commissioner for Oaths in and for the Province )  
of Alberta )

  
\_\_\_\_\_)  
**CHRIS WUTZKE**

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

THIS IS **EXHIBIT "A"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

**Free Rein Wells, Facilities & Pipelines**

**Wells:**

<i>UWI</i>	<i>Surface Hole Location</i>	<i>Well Name</i>	<i>License Number</i>	<i>Current Licensee</i>
102/14-34-014-08W4/00	102143401408W400	FREE REIN ALDSON 14-34-14-8	0189765	FREE REIN RESOURCES LTD.
103/14-34-014-08W4/00	103143401408W400	FREE REIN ALDSON 14-34-14-8	0222754	FREE REIN RESOURCES LTD.
103/14-34-014-08W4/02	103143401408W402	FREE REIN 03 ALDSON 14-34-14-8	0451495	FREE REIN RESOURCES LTD.
103/14-34-014-08W4/03	103143401408W403	FREE REIN 03 ALDSON 14-34-14-8	0451495	FREE REIN RESOURCES LTD.
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104/09-22-051-27W4/02	104092205127W402	FREE REIN 104 GSPIKE 9-22-51-27	0130859	FREE REIN RESOURCES LTD.
104/09-22-051-27W4/03	104092205127W403	FREE REIN 104 GSPIKE 9-22-51-27	0130859	FREE REIN RESOURCES LTD.
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103/02-27-051-27W4/02	103022705127W402	FREE REIN 103 GSPIKE 2-27-51-27	0075039	FREE REIN RESOURCES LTD.
103/02-27-051-27W4/03	103022705127W403	FREE REIN 103 GSPIKE 2-27-51-27	0075039	FREE REIN RESOURCES LTD.
100/08-27-051-27W4/00	100082705127W400	FREE REIN GSPIKE 8-27-51-27	0005567	FREE REIN RESOURCES LTD.
107/08-27-051-27W4/00	107082705127W400	FREE REIN 107 GSPIKE 8-27-51-27	0075036	FREE REIN RESOURCES LTD.



107/08-27-051-27W4/02	107082705127W402	FREE REIN 107 GSPIKE 8-27-51-27	0075036	FREE REIN RESOURCES LTD.
107/08-27-051-27W4/03	107082705127W403	FREE REIN 107 GSPIKE 8-27-51-27	0075036	FREE REIN RESOURCES LTD.
107/08-27-051-27W4/04	107082705127W404	FREE REIN 107 GSPIKE 8-27-51-27	0075036	FREE REIN RESOURCES LTD.
102/09-27-051-27W4/00	102092705127W400	FREE REIN 103 GSPIKE 9-27-51-27	0498721	FREE REIN RESOURCES LTD.
102/09-27-051-27W4/02	102092705127W402	FREE REIN 103 GSPIKE 9-27-51-27	0498721	FREE REIN RESOURCES LTD.
1D0/09-27-051-27W4/00	1D0092705127W400	FREE REIN 1D0 GSPIKE 9-27-51-27	0085044	FREE REIN RESOURCES LTD.
1D0/09-27-051-27W4/02	1D0092705127W402	FREE REIN 1D0 GSPIKE 9-27-51-27	0085044	FREE REIN RESOURCES LTD.
100/11-27-051-27W4/00	100112705127W400	IMP GOLDEN SPIKE IN 11-27N-51-27	0002189	FREE REIN RESOURCES LTD.
100/11-27-051-27W4/02	100112705127W402	IMP GOLDEN SPIKE IN 11-27N-51-27	0002189	FREE REIN RESOURCES LTD.
100/11-27-051-27W4/03	100112705127W403	IMP GOLDEN SPIKE IN 11-27N-51-27	0002189	FREE REIN RESOURCES LTD.
100/11-27-051-27W4/04	100112705127W404	IMP GOLDEN SPIKE IN 11-27N-51-27	0002189	FREE REIN RESOURCES LTD.
100/03-34-051-27W4/00	100033405127W400	QUARRY GOLDEN SPIKE 3-34-51-27	0004808	FREE REIN RESOURCES LTD.
102/03-34-051-27W4/00	102033405127W400	FREE REIN GSPIKE 3-34-51-27	0503737	FREE REIN RESOURCES LTD.
102/10-34-051-27W4/00	100153405127W400	QUARRY HZ GOLDEN SPIKE 10-34-51-27	0209827	FREE REIN RESOURCES LTD.
102/15-34-051-27W4/00	102153405127W400	HEWITT GOLDEN SPIKE 15-34-51-27	0045146	FREE REIN RESOURCES LTD.
100/10-21-050-02W5/00	100102105002W500	FREE REIN TELFORD 10-21-50-2	0203598	FREE REIN RESOURCES LTD.
100/04-27-050-02W5/00	100042705002W500	FREE REIN TELFORD 4-27-50-2	0205583	FREE REIN RESOURCES LTD.
100/04-27-050-02W5/02	100042705002W502	FREE REIN TELFORD 4-27-50-2	0205583	FREE REIN RESOURCES LTD.
102/16-27-050-02W5/02	102162705002W502	FREE REIN TELFORD 1-34-50-2	0213824	FREE REIN RESOURCES LTD.
100/16-33-050-02W5/00	100040305102W500	FREE REIN HIGHVALE 16-33-50-2	0216380	FREE REIN RESOURCES LTD.
100/01-34-050-02W5/00	100162705002W500	FREE REIN TELFORD 1-34-50-2	0213824	FREE REIN RESOURCES LTD.
100/05-22-051-01W5/00	100052205101W500	FREE REIN LEDUC-WB 5-22-51-1	0093256	FREE REIN RESOURCES LTD.
100/05-22-051-01W5/02	100052205101W502	FREE REIN LEDUC-WB 5-22-51-1	0093256	FREE REIN RESOURCES LTD.
100/05-22-051-01W5/03	100052205101W503	FREE REIN LEDUC-WB 5-22-51-1	0093256	FREE REIN RESOURCES LTD.
100/04-04-051-02W5/00	100070405102W500	FREE REIN HIGHVALE 4-4-51-2	0272554	FREE REIN RESOURCES LTD.
102/07-04-051-02W5/00	102070405102W500	FREE REIN HIGHVALE 7-4-51-2	0078729	FREE REIN RESOURCES LTD.
100/04-10-051-02W5/00	100041005102W500	FREE REIN LEDUC-WB 4-10-51-2	0205882	FREE REIN RESOURCES LTD.
100/04-10-051-02W5/02	100041005102W502	FREE REIN LEDUC-WB 4-10-51-2	0205882	FREE REIN RESOURCES LTD.

**Facilities:**

<i>Govt Code</i>	<i>License Number</i>	<i>Type</i>	<i>Facility Name</i>	<i>Location</i>	<i>Licensee Name</i>
ABCS0011662	F11662	Compressor station	FREE REIN 16-29-050-02W5	16-29-050-02W5	FREE REIN RESOURCES LTD.
ABGS0006060	F11662	Gas gathering system	FREE REIN 16-29-050-02W5	16-29-050-02W5	FREE REIN RESOURCES LTD.
ABBT0157407	F11886	Battery	FREE REIN 13-23-051-27W4	13-23-051-27W4	FREE REIN RESOURCES LTD.
ABBT0088252	F33535	Battery	QUESTFIRE 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
F34117	F34117	Battery	FREE REIN 03-26-051-27W4	03-26-051-27W4	FREE REIN RESOURCES LTD.
F34943	F34943	Battery	FREE REIN 06-23-051-27W4	06-23-051-27W4	FREE REIN RESOURCES LTD.
ABBT0061682	F38156	Battery	FREE REIN 10-04-051-02W5	10-04-051-02W5	FREE REIN RESOURCES LTD.
F51879	F51879	Injection plant	FREE REIN 13-23-051-27W4	13-23-051-27W4	FREE REIN RESOURCES LTD.
F51928	F51928	Battery	FREE REIN 09-27-051-27W4	09-27-051-27W4	FREE REIN RESOURCES LTD.
F51972	F51972	Battery	FREE REIN 06-23-051-27W4	06-23-051-27W4	FREE REIN RESOURCES LTD.
ABIF0159343	F52189	Injection plant	FREE REIN 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
ABIF0157404	F52189	Injection plant	FREE REIN 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
ABIF0157406	F52189	Injection plant	FREE REIN 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
ABBT0158823	F52189	Battery	FREE REIN 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
ABIF0157403	F52189	Injection plant	FREE REIN 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
ABIF0157402	F52189	Injection plant	FREE REIN 12-23-051-27W4	12-23-051-27W4	FREE REIN RESOURCES LTD.
F52512	F52512	Satellite	FREE REIN 07-23-051-27W4	07-23-051-27W4	FREE REIN RESOURCES LTD.
F52602	F52602	Satellite	FREE REIN 04-26-051-27W4	04-26-051-27W4	FREE REIN RESOURCES LTD.

**Pipelines:**

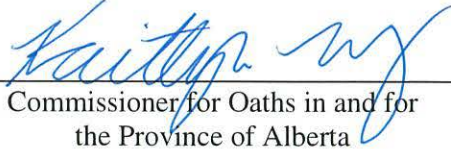
<i>License Number</i>	<i>Line Number</i>	<i>Licensee Name</i>	<i>From Location</i>	<i>To Location</i>
232	1	FREE REIN RESOURCES LTD.	16-22-051-27W4	13-23-051-27W4
988	1	FREE REIN RESOURCES LTD.	01-27-051-27W4	04-26-051-27W4
1081	1	FREE REIN RESOURCES LTD.	01-27-051-27W4	11-34-051-27W4
2690	1	FREE REIN RESOURCES LTD.	07-34-051-27W4	03-34-051-27W4
3694	1	FREE REIN RESOURCES LTD.	16-22-051-27W4	13-23-051-27W4
4500	1	FREE REIN RESOURCES LTD.	11-23-051-27W4	16-22-051-27W4
7113	1	FREE REIN RESOURCES LTD.	16-22-051-27W4	13-23-051-27W4
7113	2	FREE REIN RESOURCES LTD.	12-23-051-27W4	11-23-051-27W4
7113	3	FREE REIN RESOURCES LTD.	16-22-051-27W4	13-23-051-27W4
7113	4	FREE REIN RESOURCES LTD.	12-23-051-27W4	13-23-051-27W4
8777	1	FREE REIN RESOURCES LTD.	11-34-051-27W4	03-34-051-27W4
8777	2	FREE REIN RESOURCES LTD.	11-34-051-27W4	03-34-051-27W4
8777	4	FREE REIN RESOURCES LTD.	11-34-051-27W4	03-34-051-27W4

26354	1	FREE REIN RESOURCES LTD.	05-21-051-01W5	11-22-051-27W4
26634	1	FREE REIN RESOURCES LTD.	08-06-051-01W5	12-21-051-01W5
26634	2	FREE REIN RESOURCES LTD.	09-06-051-01W5	09-06-051-01W5
31738	1	FREE REIN RESOURCES LTD.	15-34-051-27W4	11-34-051-27W4
31738	2	FREE REIN RESOURCES LTD.	15-34-051-27W4	15-34-051-27W4
33835	1	FREE REIN RESOURCES LTD.	10-04-051-02W5	08-27-051-27W4
33841	1	FREE REIN RESOURCES LTD.	04-03-051-02W5	10-04-051-02W5
33841	4	FREE REIN RESOURCES LTD.	03-04-051-02W5	10-04-051-02W5
33841	7	FREE REIN RESOURCES LTD.	10-21-050-02W5	10-28-050-02W5
33841	8	FREE REIN RESOURCES LTD.	10-28-050-02W5	16-29-050-02W5
33841	10	FREE REIN RESOURCES LTD.	04-27-050-02W5	10-28-050-02W5
33841	12	FREE REIN RESOURCES LTD.	16-29-050-02W5	13-33-050-02W5
33841	13	FREE REIN RESOURCES LTD.	13-33-050-02W5	03-04-051-02W5
33841	14	FREE REIN RESOURCES LTD.	16-27-050-02W5	10-28-050-02W5
33841	15	FREE REIN RESOURCES LTD.	10-28-050-02W5	10-28-050-02W5
34193	1	FREE REIN RESOURCES LTD.	07-04-051-02W5	07-04-051-02W5
34193	2	FREE REIN RESOURCES LTD.	07-04-051-02W5	10-04-051-02W5
44022	1	FREE REIN RESOURCES LTD.	14-23-051-27W4	13-23-051-27W4
44022	2	FREE REIN RESOURCES LTD.	03-26-051-27W4	04-26-051-27W4
44022	3	FREE REIN RESOURCES LTD.	03-26-051-27W4	13-23-051-27W4
44022	4	FREE REIN RESOURCES LTD.	13-23-051-27W4	12-23-051-27W4
44022	5	FREE REIN RESOURCES LTD.	09-22-051-27W4	12-23-051-27W4
45399	1	FREE REIN RESOURCES LTD.	10-23-051-27W4	07-23-051-27W4
45399	2	FREE REIN RESOURCES LTD.	07-23-051-27W4	06-23-051-27W4
45399	3	FREE REIN RESOURCES LTD.	06-23-051-27W4	12-23-051-27W4
45881	1	FREE REIN RESOURCES LTD.	08-27-051-27W4	03-26-051-27W4
46325	1	FREE REIN RESOURCES LTD.	09-22-051-27W4	12-23-051-27W4
48044	1	FREE REIN RESOURCES LTD.	16-22-051-27W4	01-27-051-27W4
48045	2	FREE REIN RESOURCES LTD.	12-23-051-27W4	13-23-051-27W4
48045	3	FREE REIN RESOURCES LTD.	14-23-051-27W4	13-23-051-27W4
48045	4	FREE REIN RESOURCES LTD.	16-22-051-27W4	13-23-051-27W4
48045	5	FREE REIN RESOURCES LTD.	13-23-051-27W4	16-22-051-27W4
48045	7	FREE REIN RESOURCES LTD.	02-27-051-27W4	13-23-051-27W4
48045	8	FREE REIN RESOURCES LTD.	08-27-051-27W4	13-23-051-27W4
48045	9	FREE REIN RESOURCES LTD.	04-26-051-27W4	13-23-051-27W4
48045	10	FREE REIN RESOURCES LTD.	12-23-051-27W4	13-23-051-27W4
48766	1	FREE REIN RESOURCES LTD.	03-26-051-27W4	13-23-051-27W4
53126	1	FREE REIN RESOURCES LTD.	12-23-051-27W4	12-23-051-27W4
53126	2	FREE REIN RESOURCES LTD.	12-23-051-27W4	10-22-051-27W4
54116	1	FREE REIN RESOURCES LTD.	11-23-051-27W4	12-23-051-27W4
54117	1	FREE REIN RESOURCES LTD.	09-27-051-27W4	08-27-051-27W4

61485	1	FREE REIN RESOURCES LTD.	13-23-051-27W4	12-23-051-27W4
61486	1	FREE REIN RESOURCES LTD.	06-23-051-27W4	11-23-051-27W4
61758	1	FREE REIN RESOURCES LTD.	10-22-051-27W4	11-22-051-27W4
61761	1	FREE REIN RESOURCES LTD.	11-23-051-27W4	16-22-051-27W4
61762	1	FREE REIN RESOURCES LTD.	11-23-051-27W4	01-27-051-27W4
61762	2	FREE REIN RESOURCES LTD.	06-23-051-27W4	01-27-051-27W4
61762	3	FREE REIN RESOURCES LTD.	13-23-051-27W4	01-27-051-27W4
61763	1	FREE REIN RESOURCES LTD.	13-23-051-27W4	13-23-051-27W4
61764	1	FREE REIN RESOURCES LTD.	16-22-051-27W4	11-27-051-27W4
62072	1	FREE REIN RESOURCES LTD.	13-23-051-27W4	16-22-051-27W4
62072	2	FREE REIN RESOURCES LTD.	16-22-051-27W4	11-27-051-27W4
62277	1	FREE REIN RESOURCES LTD.	07-23-051-27W4	06-23-051-27W4
62843	1	FREE REIN RESOURCES LTD.	04-26-051-27W4	03-26-051-27W4
63426	1	FREE REIN RESOURCES LTD.	05-23-051-27W4	12-23-051-27W4

THIS IS **EXHIBIT "B"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

**LOAN AGREEMENT**

between

**FREE REIN RESOURCES LTD.,  
as Borrower**

and

**INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP,  
as Lender**

**Dated as of September 21, 2022**

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## LOAN AGREEMENT

THIS LOAN AGREEMENT is made as of September 21, 2022.

### BETWEEN:

**FREE REIN RESOURCES LTD.**, a corporation formed under the laws of the Province of Alberta (the "**Borrower**")

- and -

**INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP**, a limited partnership formed under laws of the Province of Alberta (the "**Lender**")

**WHEREAS** the Borrower has requested, and the Lender has agreed, to establish certain credit facilities on the terms and conditions set forth herein.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, and the following words and phrases shall have the following meanings:

**"Abandonment/Reclamation Order"** means any order, directive or demand to post security deposits issued by an Energy Regulator which relates to any Borrowing Base Assets, including abandonment and reclamation liabilities associated therewith;

**"Abandonment and Reclamation Report"** means a report pertaining to the ARO of the Loan Parties in respect of upstream oil and gas wells, facilities, and pipelines, segmented and in sufficient detail as requested by the Lender, acting reasonably which shall include: (a) the total number of such wells, categorized between active (producing) and inactive (non-producing) wells, and in each case, segregated between (i) operated and non-operated wells and (ii) gross and net wells; (b) abandonment and reclamation liability related to all such wells (expressed using uninflated and undiscounted values in nominal dollars), segregated between (i) active and inactive wells, (ii) operated and non-operated wells and (iii) gross and net wells; (c) abandonment and reclamation liabilities (expressed using uninflated and undiscounted values in nominal dollars) of the Loan Parties for active facilities and pipelines, inactive facilities and pipelines and sites requiring reclamation only; and (d) a list of third party operators for non-operated wells, facilities and pipelines of the Loan Parties (including gross number of wells, facilities and pipelines operated by each of them);

**"Affiliate"** has the meaning given to that term in the *Business Corporations Act* (Alberta);

**"Agreement"** means this loan agreement, including its recitals and schedules, as the same may be amended, modified, supplemented, restated or replaced, from time to time;

**"AML Laws"** means all laws, rules and regulations relating to money laundering or terrorist financing, including, without limitation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), Part II.1 of the *Criminal Code* (Canada), the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism* (Canada) and the *United Nations Al-Qaida and Taliban Regulations* (Canada);

**"Anti-Corruption Laws"** means all laws, rules and regulations relating to bribery or corruption, including, without limitation, the *Corruption of Foreign Public Officials Act* (Canada);

**"Applicable Law"** means:

- (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise);
- (b) any judgment, order, writ, injunction, decision, ruling, decree or award;
- (c) any regulatory policy, practice, guideline or directive; or
- (d) any franchise, license, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority,

binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law;

**"ARO"** means at any time the present and future, direct or indirect, absolute or contingent obligations of any Loan Party to abandon, restore, reclaim or otherwise remediate the wells, facilities, pipelines, storage sites and other property on, or in respect of, which such Loan Party carries on business;

**"ARO Budget"** means, at any time, the decommissioning budget setting out in reasonable detail the amount of ARO of the Loan Parties;

**"ARO Schedule"** means, at any time, the decommissioning schedule setting out in reasonable detail the wells, facilities, pipelines, storage sites and other property of the Loan Parties that have associated ARO, which shall include a well and facilities list that is used by the Loan Parties in determining ARO to be included on the Borrower's consolidated balance sheet;

**"Asset Coverage Ratio"** means, measured as at the end of each fiscal quarter of the Borrower, the ratio of:

- (a) the Borrowing Base to;
- (b) the principal amount outstanding under the Loans, minus the Default Reserve, minus unrestricted cash on hand of the Borrower, on a consolidated basis, subject to the DACA (or any replacement thereof satisfactory to the Lender);

**"Assignee"** shall have the meaning assigned to such term in Section 11.1;

**"Associate"** has the meaning given to that term in the *Business Corporations Act* (Alberta);

"**ATB NIL**" means the September 19, 2022 no interest letter provided by ATB Financial to the Lender and the Borrower, receipt of which is acknowledged by the Lender;

"**BBS Cure Period**" has the meaning ascribed to such term in Subsection (p) of the definition of "Event of Default" in Section 9.1 herein;

"**Borrowing Base**" means the amount, determined and redetermined, as applicable, by the Lender from time to time pursuant to Section 2.3 hereof on the basis of the present value, discounted at 12% per annum, of the Borrowing Base Assets, as determined by an independent qualified engineer (or the data, information and reports provided pursuant to Section 8.1(w)(viii) hereof) most recently provided to the Lender for year-end reserve reporting and internal adjustments for production, pricing and costs, as applicable, for the fiscal quarters ending March, June, September and December, using a price deck based on the forward/future commodity prices available from a reference acceptable to the Lender (no later than 3 days prior to the date of such required calculation), after deducting therefrom such capital expenditures, operating and other expenses and charges, royalties, burdens or encumbrances on or in respect of any of the Borrowing Base Assets or deductible in arriving at revenues obtained therefrom, and such abandonment and reclamation costs in respect thereof, as the Lender determines, acting reasonably;

"**Borrowing Base Assets**" means all and only:

- (a) the P&NG Rights of the Borrower to which any proved producing reserves are attributed in the engineering report (or the data, information and reports provided pursuant to Sections 8.1(w)(iii)(A) and 8.1(w)(viii) hereof) most recently provided to the Lender; and
- (b) the Tangibles and Miscellaneous Interests of the Borrower which are directly or indirectly attributed any value in the engineering report (or the data, information and reports provided pursuant to Sections 8.1(w)(iii)(A) and 8.1(w)(viii) hereof) most recently provided to the Lender and, unless otherwise agreed by the Lender, located and primarily used in connection with any reserves described in paragraph (a) of this definition,

in each case, which the Lender has included in the determination of the Borrowing Base;

"**Borrowing Base Shortfall**" has the meaning ascribed to such term in Subsection (p) of the definition of "Event of Default" in Section 9.1 herein;

"**Business Day**" means a day, excluding Saturday and Sunday and statutory holidays in the Province of Alberta;

"**Capital Leases**" means any leases, licenses or similar transaction determined as a capital lease or any sale and leaseback transaction or any other lease (whether a synthetic lease or otherwise) other than any lease that would in accordance with GAAP, be determined to be an operating lease;

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following:

- (a) the adoption or taking effect of any Applicable Law,
- (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority; or
- (c) the making or issuance of any Applicable Law by any Governmental Authority;

**"Change of Control"** means the occurrence of any of the following events:

- (a) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), acquires, directly or indirectly, securities of the Borrower to which are attached more than 50% or of the votes that may be cast to elect the directors of the Borrower; or
- (b) a change in the composition of management of a Loan Party which in the opinion of the Lender would cause a Material Adverse Effect;

**"Closing Date"** means the date on which the Drawdown Conditions Precedent are satisfied or waived by the Lender, as the case may be, and the Tranche A Advance pursuant to Section 2.1 has been completed;

**"Commodity Swap"** means an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in commodity prices, whether physically or financially settled;

**"Compliance Certificate"** means the certificate required pursuant to Section 8.1(w), substantially in the form attached as Schedule "A", signed by a senior officer of the Borrower;

**"Consolidated Net Tangible Assets"** means the total assets of the Borrower (net of depreciation, depletion and amortization), less the value attributed to intangible assets (including without limitation, goodwill, patents, trademarks, intellectual property, organization expenses, trade names, deferred costs, deferred charges and other similar intangible assets) as determined on a consolidated basis, in accordance with GAAP;

**"Contaminant"** includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law;

**"Convertible Notes"** means the unsecured promissory notes with interest payable thereon at 8% per annum issued by the Borrower pursuant to the January 31, 2021 convertible promissory note purchase agreement among the Borrower and the noteholders thereunder. As of the date hereof, the Borrower has issued 19 Convertible Notes in the aggregate principal amount of \$1,570,000;

**"Currency Swap"** means a contract entered into between a Person and a counterparty on a case by case basis in connection with forward rate, currency swap or currency exchange and other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in exchange rates;

**"DACA"** means the deposit account control agreement among ATB Financial, the Lender and the Borrower dated on or about the date hereof, respecting the deposit account of the Borrower at ATB Financial;

**"Debt Service Coverage Ratio"** means, measured as at the end of each fiscal quarter of the Borrower, the ratio of:

- (a) EBITDA; to
- (b) scheduled principal payments and Interest Expense (including the scheduled payments under the MSA, but excluding, for greater certainty, principal payments on the Loans

funded using Free Cash Flow) pursuant to Section 4.1(b) and other mandatory payments under the Loans pursuant to Section 4.4);

**"Default Interest Rate"** means the Interest Rate plus 3% per annum;

**"Default Reserve"** shall have the meaning assigned to such term in Section 3.2;

**"Drawdown Conditions Precedent"** shall have the meaning assigned to such term in Section 5.1;

**"Drawdown Notice"** means a drawdown notice in the form attached hereto as Schedule "C";

**"EBITDA"** means, with respect to the Borrower for any period, the net income of the Borrower on a consolidated basis determined in accordance with GAAP before Interest Expense, Taxes, depreciation, amortization and noncash expenses acceptable to the Lender, provided that, (i) for the first three (3) fiscal quarters of the Borrower after the Closing Date, EBITDA shall be calculated on the basis of the applicable EBITDA for such period, on a cumulative basis, and (ii) for the fourth full fiscal quarter after the Closing Date and thereafter, EBITDA shall be calculated on a trailing twelve months' basis;

**"Energy Regulator"** means (a) with respect to Alberta, the Alberta Energy Regulator, (b) with respect to British Columbia, the BC Oil and Gas Commission, (c) with respect to Saskatchewan, the Saskatchewan Ministry of Energy and Resources, and (d) with respect to any other relevant jurisdictions where the Borrower has Borrowing Base Assets, the regulatory body with responsibility for the oversight of environmental matters in the oil and gas industry in such jurisdiction; and in each case, together with any successor agency, department, ministry or commission thereto;

**"Environment"** means each and every component of the earth, including all layers of the atmosphere, air, land (including all underground spaces and cavities and all lands submerged under water), soil, water (including surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include the components referred to in this definition;

**"Environmental Certificate"** means the form of environmental certificate executed by a senior officer of Borrower in the form attached as Schedule "D".

**"Environmental Claim"** means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, security interests, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit or Governmental Authorization issued under any such Environmental Laws including:

- (a) any claim by a Governmental Authority for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and
- (b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Contaminants, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the Environment;

**"Environmental Laws"** means any and all federal, provincial, state, local and foreign statutes, laws, regulations, ordinances, rules, decrees or other governmental restrictions relating to the

Environment, to the Release of any materials into the Environment or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals, industrial substances, toxic substances, hazardous substances or wastes;

**"Environmental Order"** means an order, directive or instruction issued by a Governmental Authority pursuant to or in respect of any Environmental Law;

**"Event of Default"** means any of the events or circumstances specified in Section 9.1;

**"Excluded Taxes"** means, with respect to the Lender, (i) taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which its lending office is located, and (ii) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located;

**"Fair Value"** means, as at the end of the applicable fiscal quarter, the Net Operating Income, multiplied by 4 (to annualize the same), then multiplied by 3 (which represents a market-based cash flow multiple to value the Borrowing Base Assets);

**"Financial Assistance"** means providing or agreeing to provide (either directly or indirectly) financial assistance to any Person (including, without limitation, financial assistance by way of a share purchase, equity contribution, loan, Guarantee or credit support arrangement of any nature whatsoever) the purpose of which is to assist such Person with the repayment of Indebtedness;

**"Free Cash Flow"** means, with respect to the Borrower for any period, without duplication, EBITDA, less (a) all interest and principal payments on the Loans; and less (b) non-cash income; and plus (c) non-cash expenses;

**"Generally Accepted Accounting Principles"** or **"GAAP"** means generally accepted accounting principles which are in effect from time to time in Canada, including, if applicable, International Financial Reporting Standards;

**"Governmental Authority"** means (i) any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and (ii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them;

**"Governmental Authorization"** means in respect of any transaction, Person or event, any authorization, exemption, license, permit, franchise or approval from, or any filing or registration with, any Governmental Authority applicable to such transaction, Person or event or to any of such Person's business, undertaking or property, and **"Governmental Authorizations"** means any and all of the foregoing;

**"Guarantee"** means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any person; provided that the amount of Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which

case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation;

**"Guarantors"** means any other Person who may guarantee payment or performance of the whole or any part of the Obligations, including Material Subsidiaries, and shall extend to all permitted successors and assigns of any such Person and **"Guarantor"** means any of them;

**"Indebtedness"** means, as at any particular time and as determined on a consolidated basis in respect of the Borrower in accordance with GAAP (without duplication): (a) indebtedness for borrowed money, (b) obligations under Capital Leases, (c) obligations under letters of credit, Guarantees, legally binding comfort letters or indemnities issued in connection therewith, (d) obligations arising pursuant to bankers' acceptances or indemnities issued in connection therewith, (e) obligations incurred under Swaps, and (f) all other contingent obligations incurred for the purpose of or having the effect of providing Financial Assistance to another entity, including without limitation, Guarantees, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business) and obligations to make advances or otherwise provide Financial Assistance to any other entity; but excluding, for certainty, (g) accounts payable and accrued liabilities incurred in the ordinary course of business, (h) current taxes payable and deferred taxes, (i) dividends payable, (j) accrued interest payable, (k) the unrealized portion of any hedging gains or losses, (l) liabilities in respect of decommissioning liabilities, allowances for dismantlement and site restoration and other deferred credits and liabilities, and (m) such other similar liabilities as may be agreed by the Lender from time to time;

**"Indemnitees"** shall have the meaning assigned to such term in Section 10.2;

**"Interest Expense"** means, with respect to the Borrower for any period, without duplication, interest expense of the Borrower calculated on a consolidated basis and in accordance with GAAP as the same would be set forth or reflected in a consolidated statement of net income of the Borrower and, in any event and without limitation, shall include:

- (a) all interest accrued or payable in respect of such period;
- (b) all fees accrued or payable in respect of such period and which relate to any debt, prorated (as required) over such period;
- (c) any difference between the face amount and the discount proceeds of any bankers' acceptances and other obligations issued at a discount, prorated (as required) over such period;
- (d) the interest component of obligations under Capital Leases and any other financing lease obligations comprising Indebtedness (whether a synthetic lease or otherwise and whether categorized as a true lease or a financing lease for income tax purposes); and
- (e) all net amount charged or credited to interest expense under any Interest Swaps in respect of such period;

**"Interest Rate"** means Prime plus 8.3% per annum, adjusted monthly for any changes in Prime quoted on the first day of each month, subject to a minimum floor of 12% per annum;

**"Interest Swap"** means a contract entered into between a Person and a counterparty, on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions,

floor transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in interest rates;

**"Lien"** means, with respect to any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any of such Person's property, or any consignment by way of security or Capital Lease of property by such Person as consignee or lessee, as the case may be, or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or other obligation;

**"LLR"** means:

- (a) with respect to those assets located in the Province of British Columbia, the liability management rating of a licensee calculated in accordance with the rules and regulations of the British Columbia Oil & Gas Commission, the same may be amended, supplemented or replaced from time to time;
- (b) with respect to those assets located in the Province of Alberta, the liability management rating of a licensee calculated in accordance with Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process dated February 17, 2016 issued by the Alberta Energy Regulator, as the same may be amended, supplemented or replaced from time to time;
- (c) with respect to those assets located in the Province of Saskatchewan, means the licensee liability rating of a licensee calculated in accordance with section 117 of the Oil and Gas Conservation Regulations, 2012 (Saskatchewan) and the Saskatchewan Licensee Liability Rating (LLR) Program Guideline PNG025 dated November 2015 issued by the Saskatchewan Ministry of Economy, as the same may be amended, supplemented or replaced from time to time; and
- (d) with respect to those assets located in any jurisdiction other than the Provinces of British Columbia, Alberta or Saskatchewan, as the case may be, the licensee liability rating (or applicable jurisdictional equivalent) of a licensee in such jurisdiction in compliance with all Environmental Laws;

**"Loans"** and **"Loan"** shall have the meaning assigned to such terms in Section 2.1;

**"Loan Documents"** means this Agreement, the Security and all present and future agreements, documents, certificates and instruments delivered by the Loan Parties to the Lender pursuant to or in respect of this Agreement or the Security, in each case as the same may from time to time be amended, and **"Loan Document"** means any one of the Loan Documents;

**"Loan Parties"** means the Borrower and the Guarantors, if any, and **"Loan Party"** means any of them;

**"Material Adverse Effect"** means a material adverse effect on: (i) the business, financial condition, operations, assets or properties of the Loan Parties, on a consolidated basis and taken as a whole; (ii) the ability of the Borrower to repay the Obligations or any other amount outstanding hereunder or the ability of the Loan Parties, or any of them, to perform their obligations under any Loan Document; (iii) the validity or enforceability of any term or provision of this Agreement, or any



other of the Loan Documents; or (iv) any event that has caused or could reasonably be expected to cause a breach of any financial covenant set forth in Section 8.3;

**"Material Contracts"** means all contracts and agreements the breach or default of which would reasonably be expected to result in a Material Adverse Effect;

**"Material Jurisdiction"** means the Province of Alberta and any other jurisdiction where the Loan Parties, in aggregate, own or operate assets, property and undertakings with aggregate associated undiscounted and uninflated abandonment and reclamation liabilities (expressed in nominal dollars) exceeding the \$500,000;

**"Material Subsidiary"** means, at any time, any Subsidiary, other than the Borrower, of any Loan Party whose total assets constitute more than 5% of the Consolidated Net Tangible Assets, or whose total revenue (calculated on its preceding consecutive twelve month period) constitutes more than 5% of the consolidated revenue of the Loan Parties for the then preceding consecutive twelve month period, or who has provided a Guarantee and Security to the Lender;

**"Maturity Date"** shall have the meaning assigned to such term in Section 2.5;

**"Miscellaneous Interests"** means, in respect of any P&NG Rights or Tangibles, all interests, property and rights at such time held by the Loan Parties, whether contingent or absolute, legal or beneficial, present or future which affect or are related to or are associated with such P&NG Rights or Tangibles, including the following property, rights, and assets:

- (a) all present and future contracts, agreements and documents (including Title and Operating Documents and insurance contracts) relating to any of such P&NG Rights or Tangibles or any rights in relation thereto;
- (b) all present and future surface rights which are used or useful in connection with any of such P&NG Rights or Tangibles;
- (c) all present and future permits, licenses, authorizations and deposits relating to any of such P&NG Rights or Tangibles, including in respect of facilities, wells and pipelines, or the export, removal, transportation, purchase or sale of Petroleum Substances;
- (d) all Petroleum Substances in the course of production from any of such P&NG Rights;
- (e) books, maps, records, documents, seismic, geological, engineering, data processing, well, plant and other reports, data, information, computer programs or other records which relate to or are used or useful in connection with any of such P&NG Rights or Tangibles; and
- (f) all extensions, renewals, amendments or replacements of or to any of the foregoing items described in paragraphs (a) through (e) of this definition;

**"MSA"** means the master services agreement between Tartan and the Borrower dated August 5, 2021, as amended by the first amending agreement dated December 1, 2021 and the second amending agreement dated on or about the date hereof;

**"Net Operating Income"** means, with respect to the Borrower on a consolidated basis and as at the applicable fiscal quarter, net revenue from Production Payments, less royalties paid, operating

and transportation costs, consistent with historical presentation of such income items in the financial information provided by the Borrower to the Lender, from time to time;

**"Noteholder Subordination Agreements"** means the 19 assignment, postponement and subordination agreements in respect of the Convertible Notes to be provided pursuant to Section 5.1(m)(vi) hereof;

**"Obligations"** means all obligations of the Borrower to the Lender under or in connection with this Agreement, the other Loan Documents or any other loan or security documents entered into between the Lender and the Borrower, including all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender, in any currency or remaining unpaid by the Borrower to the Lender, whether arising from dealings between the Lender and the Borrower or from any other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Borrower, and wherever incurred, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, and all interest, fees, legal and other costs, charges and expenses relating thereto;

**"Oil and Gas Ownership Certificate"** means the form of oil and gas ownership certificate executed by a senior officer of the Borrower in the form attached as Schedule "E";

**"Operating Lease"** means any lease or similar arrangement which in accordance with GAAP, is not required to be classified and accounted for as a Capital Lease, where the lessee is the Borrower or a Subsidiary of the Borrower. Notwithstanding the foregoing, pursuant to IFRS 16, any lease that would have qualified and been treated as an Operating Lease prior to IFRS 16, notwithstanding the change in treatment of Capital Leases in accordance with GAAP, will continue to be treated as an Operating Lease until the Maturity Date;

**"Participation Fee"** means additional compensation payable by the Borrower to the Lender in an amount equal to 10% of the amount by which the Fair Value as at the fiscal quarter end preceding the Participation Fee Payment Date exceeds the Fair Value as at the fiscal quarter end preceding the Closing Date, provided that such Participation Fee shall not exceed the amount that equates to the internal rate of return of the net cash advances (including deduction of the commitment fee pursuant to Section 3.3(b) and the Default Reserve) and cash payments of principal and interest collected pursuant to this Agreement from the Closing Date to the Participation Fee Payment Date, together with the Participation Fee, to 25% per annum.

**"Participation Fee Payment Date"** means the date that is the earliest of:

- (a) repayment in full of the Obligations;
- (b) the Maturity Date; or
- (c) demand for repayment of the Loans by the Lender following the occurrence of an unremedied Event of Default;

**"P&NG Rights"** means the entire right, title, estate and interest of the Loan Parties (whether legal or beneficial, contingent or absolute, present or future, vested or not and whether or not an interest in land) in and to all:

- (a) rights to explore for, drill for, produce, save, take or market Petroleum Substances;
- (b) rights to a share, when produced, of Petroleum Substances;
- (c) rights to a share of proceeds of, or to receive payments calculated by reference to the quantity or value of, production from Petroleum Substances when produced;
- (d) rights in lands or documents of title relating thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the rights described in subparagraphs (a) through (d) of this definition,

and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, Production Payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests; fractional or undivided interests in any of the foregoing; freehold, leasehold or other interests; and options in respect of the foregoing;

**"Parties"** means the Lender and the Loan Parties;

**"Permitted Dispositions"** means, in respect of the Loan Parties:

- (a) the sale or disposition in the ordinary course of business of its share of current production of Petroleum Substances from its oil and gas properties, provided that such sales are not made as a means of borrowing or raising monies or providing, directly or indirectly, Financial Assistance to any Person;
- (b) the sale or disposition in the ordinary course of business of any tools, implements, equipment, machinery or other tangible personal property which may have become worn out, unserviceable, obsolete, unsuitable or unnecessary in operations or activities relating to its oil and gas properties, provided that such sale, lease, sublease, trade or other disposition is in keeping with prudent industry practice;
- (c) abandonments, surrenders or terminations of P&NG Rights or interests therein which are effected in the ordinary course of business in accordance with prudent industry practice and which dispositions are effected with respect to P&NG Rights which are not capable of production in economic quantities;
- (d) the sale or disposition of P&NG Rights in the ordinary course of business which do not comprise or relate to Borrowing Base Assets;
- (e) on 30 days prior notice by the Borrower to the Lender (and completion of any redetermination of the Borrowing Base by the Lender as a result pursuant to this Agreement), the sale or disposition of the Telfordville Assets;

- (f) the sale or disposition of P&NG Rights in the ordinary course of business which are not capable of production in economic quantities;
- (g) the sale or disposition resulting from any pooling or unitization of P&NG Rights which are Borrowing Base Assets in the ordinary course of business which is necessary or, in the reasonable judgement of the applicable Loan Party, advisable to facilitate the orderly exploration, development or operation of such P&NG Rights, provided that the value to any Loan Party of its interests in the P&NG Rights which are subject to the pooling or unitization immediately after the pooling or unitization (taking into account obligations associated therewith) is not less than the value of its interest in such P&NG Rights immediately before the pooling or unitization;
- (h) the sale or disposition by a Loan Party of its interest in any Tangibles or Miscellaneous Interests which are Borrowing Base Assets for which obligations pursuant to a Purchase Money Security Interest had been incurred and which obligations are fully repaid concurrently with such sale or disposition;
- (i) the sale or disposition by a Loan Party to another Loan Party; or
- (j) the sale or disposition of any assets or properties (excluding any sale or disposition included in any of paragraphs (a) through (i) above, but including any sale or disposition pursuant to the exercise of any right of first refusal), where the fair market value of the assets or properties so sold or disposed of does not, in aggregate, in any fiscal year, exceed \$200,000,

provided, in each case, that no Borrowing Base Shortfall or Event of Default has occurred and is continuing;

**"Permitted Indebtedness"** means, subject to the provisions of Section 9.2(a)(ii), any one of the following:

- (a) Indebtedness under this Agreement;
- (b) Indebtedness under the MSA in an amount not to exceed \$2,525,000 (following the repayment pursuant to Section 5.1(e)), subject to the Tartan Subordination Agreement;
- (c) Indebtedness under the Convertible Notes in an aggregate principal amount not to exceed \$1,570,000, subject to the Noteholder Subordination Agreements;
- (d) Indebtedness in respect of Purchase Money Security Interests, including Capital Leases, granted in an amount not to exceed \$200,000 in the aggregate at any time;
- (e) Indebtedness owing by one Loan Party to another Loan Party;
- (f) Indebtedness under any Swap expressly permitted under this Agreement;
- (g) Indebtedness in an aggregate principal amount not to exceed \$25,000 due and payable to ATB Financial with respect to corporate Mastercard obligations, subject to the ATB NIL; and

- (h) other subordinated Indebtedness or subrogated Indebtedness to the extent consented to in writing by the Lender in its discretion;

**"Permitted Liens"** means, with respect to any Person, any one of the following:

- (a) Liens for Taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and for which the Person has set aside adequate reserves and which do not have, and will not reasonably be expected to have, a Material Adverse Effect;
- (b) undetermined or inchoate Liens, rights of distress and charges incidental to current operations that have not at such time been filed or exercised or that relate to obligations not due or payable, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and for which the Person has set aside adequate reserves and which do not have, and will not reasonably be expected to have, a Material Adverse Effect;
- (c) reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein, that do not materially affect the use of the affected land for the purpose for which it is used by that Person;
- (d) licenses, easements, rights-of-way and rights in the nature of easements (including licenses, easements, rights-of-way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) that do not materially impair the use of the affected land for the purpose for which it is used by that Person and do not materially reduce the value of the affected property;
- (e) title defects, irregularities or other matters relating to title that are of a minor nature and that in the aggregate do not materially impair the use of the affected property for the purpose for which it is used by that Person and do not materially reduce the value of the affected property;
- (f) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (g) Liens resulting from the deposit of cash or securities at any time in connection with contracts, tenders or expropriation proceedings, or to secure workmen's compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, Liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar Liens, and public, statutory and other like obligations incurred in the ordinary course of business;
- (h) security given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of that Person in the ordinary course

of its business which do not materially reduce the value of the affected asset or materially interfere with the use of such asset in the operation of the business of the Person;

- (i) the Lien created by a judgment of a court of competent jurisdiction, provided, however, that the Lien is in existence for less than 30 days after its creation or the execution or other enforcement of the Lien is effectively stayed and the claims so secured are being actively contested in good faith and by proper legal proceedings and do not result in the occurrence of an Event of Default;
- (j) Liens securing Capital Leases or Purchase Money Security Interests which constitute Permitted Indebtedness;
- (k) Liens created or arising in the ordinary course of the oil and gas business in respect of the joint operation of oil and gas properties and related production and processing facilities or arrangements for the processing, treating, transmission or transportation of hydrocarbon substances, provided such Liens are not in respect of obligations which are due or delinquent and do not materially reduce the value of the oil and gas properties affected by such Liens;
- (l) penalties arising in the ordinary course of business under non-participation or independent operations provisions of operating agreements as a consequence of an election not to participate in drilling or other operations;
- (m) the provisions of operating agreements, pooling agreements, unitization agreements and other similar arrangements entered into in the ordinary course of the oil and gas business which do not materially affect the value of the oil and gas properties which are subject thereto;
- (n) royalties, net profits interests and similar encumbrances and rights to convert any of them to working interests which are created in the ordinary course of the oil and gas business which do not materially affect the value of the oil and gas properties which are subject thereto; provided that if any of the foregoing relate to oil and gas properties, full disclosure thereof is made in any engineering reports required to be delivered to the Lender from time to time in respect of such oil and gas properties;
- (o) rights of first refusal and similar preferential rights created in the ordinary course of the oil and gas business;
- (p) Operating Leases;
- (q) Liens securing the obligations under the MSA, subject to the Tartan Subordination Agreement;
- (r) Liens securing the obligations to ATB Financial pursuant to "Permitted Indebtedness" (g), subject to the ATB NIL;
- (s) the Security; or
- (t) other Liens not referred to in the preceding clauses which have been expressly consented to in writing by the Lender;

**"Person"** means any individual or corporation, partnership, firm, trust, incorporated or unincorporated association, governmental authority, joint venture, limited liability company, association, trust, unlimited liability company, joint stock company or other entity of any kind;

**"Petroleum Substances"** means petroleum, natural gas, natural gas liquids, bitumen, crude oil, synthetic crude oil, related hydrocarbons and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;

**"Prepayment Amount"** shall have the meaning assigned to such term in Section 4.3;

**"Prepayment Date"** shall have the meaning assigned to such term in Section 4.3;

**"Prepayment Notice"** shall have the meaning assigned to such term in Section 4.3;

**"Prime"** means the prime lending rate per annum published by a Canadian Schedule I bank adopted by the Lender, from time to time, for commercial loans denominated in Canadian dollars as selected by the Lender;

**"Priority Payables"** means, at any time, any liability of any Loan Party to any Person that ranks, or may rank, in right of payment in any circumstances, equal to or in priority to any liability of a Loan Party to the Lender, and may include any Environmental Claims, unpaid wages, salaries and commissions, unremitted source deductions for employment insurance premiums or Canada Pension Plan contributions, vacation pay, arrears of rent, unpaid taxes, withholding tax liabilities, goods and services taxes, all sales and consumption taxes, harmonized sales tax, customs duties, amounts owed in respect of workers' compensation, amounts owed to unpaid vendors who have a right of repossession, and amounts owing to creditors which may claim priority by statute or under a Purchase Money Security Interest;

**"Production Payment"** means:

- (a) the sale (including any forward sale) or other transfer of any Petroleum Substances, whether in place or when produced, for a period of time until, or of an amount such that, the purchaser will realize therefrom a specified amount of money (however determined, including by reference to interest rates or other factors which may not be fixed) or a specified amount of such product; and
- (b) any other interest in property of the character commonly referred to as a "production payment";

**"Purchase Money Security Interest"** means:

- (a) a Lien taken or reserved in property to secure payment of all or part of its purchase price; and
- (b) a Lien taken in property by a Person who gives value for the purpose of enabling a Loan Party to acquire rights in such property, to the extent that the value is applied to acquire those rights,

but does not include a Capital Lease or an Operating Lease;

**"Release"** means discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

**"Sanctions"** means any sanctions or trade embargoes imposed, administered or enforced from time to time by any relevant sanctions authority including, without limitation, under the *United Nations Act* (Canada), the *Special Economic Measures Act* (Canada) and the *Export and Import Permits Act* (Canada);

**"Security"** means the documents creating a Lien in favour of, or any collateral held from time to time by, the Lender securing or intended to secure repayment of the Obligations, including all security described in Article 6;

**"Specified Rate"** shall have the meaning assigned to such term in Section 3.6;

**"Subsidiary"** means:

- (a) with respect to a Person, a subsidiary of such Person as defined in the *Business Corporations Act* (Alberta) (determined as if each such Person was a body corporate); or
- (b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person,

and shall include any Person in like relation to a Subsidiary;

**"Swap"** means a Commodity Swap, Currency Swap or Interest Swap;

**"Tangibles"** means, in respect of a Loan Party at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of such Loan Party at such time in and to any tangible property, apparatus, plants, equipment, machinery and fixtures, fixed or non-fixed, real or personal, used or capable of use in exploiting any Petroleum Substances including:

- (a) systems, plants and facilities used or useful in producing, gathering, compressing, processing, treating, refining, storing, transporting or shipping Petroleum Substances;
- (b) tangible property and assets used or intended for use in exploration, producing, storing, injecting or removing Petroleum Substances; and
- (c) all extensions, additions and accretions to any item described in items (a) or (b) above;

**"Tartan"** means, collectively, Tartan Energy Group Inc. and Tartan Energy Tech (Shanghai) Ltd.;

**"Tartan Payout"** means the amount required to pay out, in full, all obligations of the Borrower to Tartan pursuant to the MSA at a particular time;

**"Tartan Subordination Agreement"** means the postponement, subordination and standstill agreement among the Lender, Tartan and the Borrower dated on or about the date hereof (as amended, modified, supplemented, restated or replaced, from time to time);



"**Taxes**" means all present and future taxes, levies, imposts, stamp taxes, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable to them;

"**Telfordville Assets**" means those properties and assets described in Schedule "G" hereof;

"**Title and Operating Documents**" means, in respect of any P&NG Rights or Tangibles at any time, all of the documents (including leases, reservations, permits, licenses of all sorts, exploration agreements, operating agreements, unit agreements, production sharing agreements, pooling agreements, assignments, trust declarations or other agreements to recognize a Loan Party's interest, participation agreements, farmin or farmout agreements, royalty agreements, purchase agreements and transfers; gas, oil, condensate and other production sale contracts; gathering, common stream, transportation and processing agreements; and agreements for the construction, ownership and/or operation of Tangibles):

- (a) by virtue of which P&NG Rights or Tangibles were acquired or constructed or held at such time;
- (b) to which the construction, ownership, operation, exploitation, development, production, transportation or marketing of P&NG Rights or Tangibles are subject; or
- (c) which grant rights which are or may be used by such Loan Party in connection with such P&NG Rights or Tangibles,

and including the rights (except for P&NG Rights) granted under or created by such documents;

"**Tranche A Advance**" shall have the meaning assigned to such term in Section 2.1;

"**Tranche B Advance**" shall have the meaning assigned to such term in Section 2.1; and

"**Tranche C Advance**" shall have the meaning assigned to such term in Section 2.1.

## **1.2 Headings and Table of Contents**

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 References**

Unless something in the subject matter or context is inconsistent therewith, all references to Articles, Sections, subsections and Schedules are to Articles, Sections, subsections and Schedules to this Agreement. The words "hereto", "herein", "hereof", "hereunder", "herewith" and similar expressions mean and refer to this Agreement.

## **1.4 Rules of Interpretation**

In this Agreement, unless otherwise specifically provided, the singular includes the plural and vice versa, "month" means calendar month, "quarter" means calendar quarter, and "in writing" or "written" includes printing, typewriting, or any electronic means of communication capable of being visibly reproduced at the point of reception, including email and telecopier.

## 1.5 Generally Accepted Accounting Principles

Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied.

## 1.6 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in Calgary, Alberta.

## 1.7 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

## 1.8 Currency

Unless otherwise specified in this Agreement, all references to currency (without further description) are to lawful money of Canada.

## 1.9 Schedules

The following Schedules are incorporated in and form a part of this Agreement:

Schedule "A"	-	Compliance Certificate
Schedule "B"	-	Request for Extension
Schedule "C"	-	Drawdown Notice
Schedule "D"	-	Form of Environmental Certificate
Schedule "E"	-	Form of Oil & Gas Ownership Certificate
Schedule "F"	-	Deposit Accounts
Schedule "G"	-	Description of Telfordville Assets

## ARTICLE 2 THE LOANS

### 2.1 The Loans

Relying on each of the representations and warranties set out in Article 7 and subject to the terms and conditions of this Agreement, the Lender will advance a non-revolving term loan in an aggregate principal amount of up to \$10,500,000 (subject to increase as a result of implementing the Tartan Payout), available to the Borrower in separate tranches in the principal amounts of:

- (a) \$6,100,000 ("**Tranche A Advance**") on the Closing Date;
- (b) until the first anniversary of the Closing Date, in multiple advances in a minimum amount of \$500,000 each, to an aggregate maximum of \$4,400,000 ("**Tranche B Advance**"); and
- (c) the Tartan Payout ("**Tranche C Advance**", and together with the Tranche A Advance and the Tranche B Advance, collectively, the "**Loans**" and each a "**Loan**").

The amount available for each Loan may be drawn in advances in accordance with the terms herein. The Borrower acknowledges that section 5.1(a) of the Tartan Subordination Agreement provides that, without the prior written consent of Tartan, the Obligations shall not exceed the aggregate of (i) \$10,500,000, and (ii) the amount of the Tartan Payout.

Written notice shall be required for any advance under the Loans. The Borrower shall provide a Drawdown Notice to the Lender by no later than ten Business Days prior to the requested drawdown date, subject to Section 2.4 with respect to the Tranche C Advance.

## **2.2 Purposes**

The proceeds of the Loans are to be used by the Borrower as follows:

- (a) Tranche A Advance is to be used by the Borrower for paydown obligations pursuant to the MSA in the amount of \$1,400,000, funding capital expenditures (including the drilling and completion of up to 15 wells in the Nisku or Glauconitic formations and the expansion of facilities related to such wells) and to fund amounts and costs incurred by the Borrower in connection with this Agreement;
- (b) Tranche B Advance is to be used by the Borrower for funding capital expenditures (including the drilling and completion of up to 15 wells in the Nisku or Glauconitic formations and the expansion of facilities related to such wells); and
- (c) Tranche C Advance is to be used to complete the Tartan Payout.

## **2.3 Borrowing Base Determination**

From time to time, but no less frequently than on a quarterly basis on or before 55 (fifty-five) days following the end of each fiscal quarter, the Lender shall determine the Borrowing Base as follows:

- (a) Upon the Borrower having provided the information required pursuant to 8.1(w)(iii) within 30 (thirty) days following each fiscal quarter, which information shall have been prepared with reference to information most recently provided pursuant to Section 8.1(w)(viii) and adjusted as reasonably appropriate, the Lender shall perform an initial review and assessment of such information, which shall include, but not be limited to:
  - (i) production forecasts, having regard to type curve and decline methodology assumptions, as well as the most recent information provided pursuant to Section 8.1(w)(viii);
  - (ii) royalty assumptions, burdens and encumbrances;
  - (iii) operating cost assumptions, having regard to actual operating costs of recent production months and outlook for future operating costs;
  - (iv) abandonment and reclamation costs assumed to be incurred in future periods, having regard to the LLR reporting provided as of the particular quarter, as well as the most recent information provided pursuant to Sections 8.1(w)(ix), (x) and (xi);

- (v) price deck used in determining the Borrowing Base for acceptability, including the reference for such price deck and that such price deck was obtained within three (3) days of providing the information set out in Section 8.1(w)(iii)(A);
  - (vi) computation of the present value, discounted at 12%, of the Borrowing Base Assets; and
  - (vii) unrealized gains and/or losses associated with Swap transactions extending beyond the particular fiscal quarter end.
- (b) The Lender shall provide its comments and required changes, if any, to the Borrower within 12 (twelve) days following receipt of the draft information required to have been provided by the Borrower within 30 (thirty) days following the particular fiscal quarter pursuant to Section 8.1(w)(iii) in order that the Borrower may update and render its final reporting under Section 8.1(w)(iii) within 45 (forty-five) days following each fiscal quarter, as required.
- (c) Upon the Borrower having provided the information required pursuant to Section 8.1(w)(iii) within 45 (forty-five) days following each fiscal quarter, the Lender shall within 10 (ten) days thereafter update its initial review as reasonably appropriate (including review of the Borrower's implementation of required changes and updated price deck), and the Lender shall advise the Borrower in writing of the Borrowing Base amount to be used in computing the Asset Coverage Ratio as at the applicable fiscal quarter end, such Borrowing Base amount to be determined in the Lender's sole discretion, acting reasonably. In the event that the Lender does not so advise the Borrower in writing, the Borrowing Base shall be set based on the amount calculated by the Borrower in the information provided pursuant to Section 8.1(w)(iii)(A) and paragraph (a) of this Section 2.3.
- (d) In the event that the Borrower does not provide the information required pursuant to Section 8.1(w)(iii), the Lender shall determine the Borrowing Base in its sole discretion.
- (e) If at any time the Lender, in its sole discretion, acting reasonably, assesses a Material Adverse Effect to have occurred, the Lender will provide written notice to the Borrower of the particulars of such assessment, together with the revised Borrowing Base, such revised Borrowing Base to be applicable 10 (ten) days following the provision of written notice. The Borrower shall provide all information reasonably requested by the Lender in order to complete a sound assessment of the Material Adverse Effect and a revised Borrowing Base.

#### **2.4 Drawdown Provisions – Tranche C Advance**

The Lender may elect to implement the Tartan Payout by providing notice to the Borrower of the Lender's intention to do so. The Borrower shall indicate its consent by, within 30 days of receipt of such notice from the Lender, providing a payout statement from Tartan pursuant to the MSA addressed to the Borrower and the Lender, specifying the amount of the Tartan Payout as at that date and a per diem interest amount. Within 60 days of the Lender having provided notice to the Borrower, the Lender shall confirm the Lender's commitment to advance the Tranche C Advance, net of any applicable (i) Default Reserve, and (ii) cash transaction costs of the Lender, and thereafter the Lender shall, as soon as is practicable, advance the Payout Amount to Tartan in exchange for Tartan discharging all collateral security held by Tartan to secure the obligations under the MSA, with the Tranche C Advance being due and payable in accordance with the provisions hereof.

## 2.5 Repayment on Maturity; Extensions

Subject to Section 4.1, the principal amounts, and accrued and unpaid interest thereon, with respect to the Loans shall be due and payable in full on the third anniversary of the Closing Date (the "**Maturity Date**"), or such earlier date as may be demanded by the Lender in accordance with the terms herein. The Borrower may request an extension of the Maturity Date by sending the Lender a written request for extension in the form attached as Schedule "B" by no later than 90 days prior to the then current Maturity Date, and the Lender may in its sole discretion agree to extend the Maturity Date for a further period of 365 days. The Lender shall advise the Borrower of its decision regarding the extension by no later than 60 days prior to the then current Maturity Date. The Borrower may request up to an aggregate of two extensions of the Maturity Date hereunder.

## 2.6 Account of Record

The Lender will open and maintain books of account evidencing the advance of the Loans and all other amounts owing by the Borrower to the Lender hereunder. The Lender will enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts will constitute, in the absence of manifest error, prima facie evidence of the obligations of the Borrower to the Lender hereunder with respect to the advance of the Loans and all other amounts owing by the Borrower to the Lender hereunder. If requested by the Lender, the Borrower shall issue to the Lender a promissory note as evidence of the Indebtedness of the Borrower to the Lender hereunder.

# ARTICLE 3 PAYMENT OF INTEREST AND FEES

## 3.1 Interest on the Loans

- (a) The Borrower will pay interest on each Loan at the Interest Rate provided that, upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest at the Default Interest Rate. Such interest will compound monthly, not in advance, and be payable monthly in arrears on the last day each month and will be calculated daily on the principal amount of such Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be.
- (b) Any interest due but unpaid pursuant to Section 3.1(a) shall accrue interest at the Default Interest Rate provided that the Default Interest Rate will begin to accrue on any overdue interest commencing in the month immediately subsequent to the month in which any interest becomes due but unpaid pursuant to Section 3.1(a).
- (c) All interest payable under this Agreement bears interest after as well as before maturity, default and judgment.

## 3.2 Default Reserve

- (a) The Borrower is required to maintain with the Lender an amount that is equal to four months' interest on the original amount of each advanced Loan (the "**Default Reserve**"), and which amount shall, for the purposes of determining the amount of each advanced Loan, be deemed to have been advanced by the Borrower as part of the Obligations hereunder, and shall be held by the Lender as security for the Obligations. While any

deficiency in the Default Reserve is outstanding, the Borrower shall immediately replenish the Default Reserve to the extent of the deficiency.

- (b) While any amounts are outstanding under any Loan:
- (i) the Borrower shall have no right to withdraw or request funds from the Default Reserve, or to assign, transfer or grant a security interest in the Default Reserve to any third party;
  - (ii) the Borrower hereby assigns, transfers and sets over and grants a security interest to and in favour of the Lender in the amount of the Default Reserve as general and continuing collateral security for the payment and fulfillment by the Borrower of the Obligations;
  - (iii) notwithstanding the withholding of the Default Reserve, the Borrower shall be obligated to pay interest on the Loans as provided for herein for the term of the Loans;
  - (iv) the Lender shall (i) not be obligated to invest the Default Reserve in a separate or interest bearing account on behalf of the Borrower; (ii) not be required to collect or account to the Borrower for any interest on the Default Reserve; and (iii) be permitted to commingle the Default Reserve with any other funds or monies held by the Lender;
  - (v) in the event the Borrower is in default of its obligation to pay interest or any other amount hereunder, the Lender is hereby authorized to satisfy payment of such amount out of the Default Reserve, and, upon the Lender notifying the Borrower that it has so depleted the Default Reserve, the Borrower shall immediately replenish the applicable amount of the Default Reserve by making payment of the applicable amount to the Lender;
  - (vi) in the event the Borrower does not repay the Loans in full on the Maturity Date, the Default Reserve shall be forfeited as a fee to the Lender as a bona fide pre-estimate of liquidated damages incurred by the Lender as a result of such non-payment; and
  - (vii) upon the Borrower making full and final repayment of the Loans on the Maturity Date or prior thereto, otherwise, the amount remaining in the Default Reserve shall be applied by the Lender against any additional amounts owing by the Borrower hereunder as the Lender sees fit in its sole discretion, and any remaining amounts shall be paid to the Borrower.

### 3.3 Fees

The Borrower will pay to the Lender the following fees:

- (a) a work fee equal to \$35,000, plus any applicable taxes due thereon, shall be due and payable as follows:
  - (i) the Lender acknowledges that \$20,000 of the work fee has been paid to, and received by, the Lender; and

- (ii) the remaining \$15,000 of the work fee, plus any applicable taxes due thereon, shall be due and payable at the time of the Closing Date and shall be deducted from the Tranche A Advance;
- (b) a commitment fee shall be due and payable on the Closing Date by the Borrower and shall be deducted from the Tranche A Advance in an amount equal to \$210,000;
- (c) a Tranche B Advance fee of \$10,000, plus any applicable taxes due thereon, to be paid upon the earlier of (i) the date each such advance is funded, or (ii) the date that such advance was requested to be funded;
- (d) a monitoring fee in the amount of \$1,500, plus any applicable taxes due thereon, for each month, or pro-rated for any partial month, until the Loans are repaid in full and any obligation of the Lender to make advances hereunder is permanently cancelled. The aforesaid fee shall be paid monthly on the last day of each month during which such fee is payable, as provided for herein, and upon repayment of the Loans and permanent cancellation of any obligation of the Lender to make advances hereunder in respect of the final month in question. The monitoring fee shall be multiplied by two during the occurrence and continuance of any Event of Default;
- (e) a loan extension fee of 1% due and payable at the first extension date of the Maturity Date and 2% due and payable at the second extension date of the Maturity Date, on the principal amount of the Loans then outstanding;
- (f) all fees and expenses (including, but not limited to, all due diligence, consultant, field examination and appraisal costs, all reasonable fees and expenses for outside legal counsel and other outside professional advisors) reasonably incurred by the Lender in connection with the preparation, registration and ongoing administration of this Agreement and the Security and with the enforcement of the Lender's rights and remedies under this Agreement or the Security, whether or not any amounts are advanced under this Agreement. If the Lender has paid any expense for which the Lender is entitled to reimbursement from the Borrower and such expense has not been deducted from the advance of either of the Loans, such expense shall be payable by the Borrower upon demand therefor from the Lender and such expense shall bear interest at the same rate as the Loans, as stipulated herein. All such fees and expenses and interest thereon shall be secured by the Security whether or not any funds under either of the Loans are advanced.

The Lender acknowledges that it has been paid a deposit of \$20,000 by the Borrower which will be credited against the Borrower's obligation to pay the fees and expenses incurred by the Lender as contemplated in Section 3.3(f).

### **3.4 Participation Fee**

In addition to the fees payable pursuant to Section 3.3 hereof, the Borrower shall pay the Lender the Participation Fee on the Participation Fee Payment Date.

### **3.5 Maximum Rate Permitted by Law**

Under no circumstances shall the Lender be entitled to receive nor shall it in fact receive a payment or partial payment of interest, fees or other amounts under this Agreement at a rate that is prohibited by Applicable Law. Accordingly, notwithstanding anything herein or elsewhere contained, if and to the extent

that under any circumstances, the effective annual rate of "interest" (as defined in section 347 of the *Criminal Code of Canada*) received or to be received by the Lender (determined in accordance with such section) on any amount of "credit advanced" (as defined in that section) pursuant to the present Agreement or any agreement or arrangement collateral hereto entered into in consequence or implementation hereof would, but for this Section 3.5, be a rate that is prohibited by Applicable Law, then the effective annual rate of interest, as so determined, received or to be received by the Lender on such amount of credit advanced shall be and be deemed to be adjusted to a rate that is one whole percentage point less than the lowest effective annual rate of interest that is so prohibited (the "**adjusted rate**"); and, if the Lender has received a payment or partial payment which would, but for this Section 3.5, be so prohibited then any amount or amounts so received by the Lender in excess of the adjusted rate shall and shall be deemed to have comprised a credit to be applied to subsequent payments on account of interest, fees or other amounts due to the Lender at the adjusted rate.

### **3.6 Interest Act (Canada)**

Solely for purposes of the *Interest Act* (Canada): (i) whenever the interest is to be computed or expressed at any rate (the "**Specified Rate**") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the relevant year and the denominator of which is 365 or such other period of time, respectively; (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (iii) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.

### **3.7 Waiver**

To the extent permitted by law, any provision of the *Judgment Interest Act* (Alberta) and the *Interest Act* (Canada) which restricts the rate of interest on any judgment debt shall be inapplicable to this Agreement and is hereby waived by the Borrower.

### **3.8 Increased Costs**

- (a) If any Change in Law will:
  - (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;
  - (ii) subject the Lender to any Taxes of any kind whatsoever with respect to this Agreement or the Loans, or change the basis of taxation of payments to the Lender in respect thereof; or
  - (iii) impose on the Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or the Loans,

and the result of any of the foregoing will be to increase the cost to the Lender of making or maintaining the Loan (or of maintaining its obligation to make the Loans) or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount), then upon request of the Lender the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.



- (b) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender as specified in Section 3.8(a), including reasonable detail of the basis of calculation of the amount or amounts, that is delivered to the Borrower will be conclusive absent manifest error. The Borrower will pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof.
- (c) Failure or delay on the part of the Lender to demand compensation pursuant to this Section 3.8 will not constitute a waiver of the Lender's right to demand such compensation.

### **3.9 Taxes**

- (a) If the Borrower is required by Applicable Law to deduct or pay any Taxes in respect of any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document, then (i) the sum payable will be increased by the Borrower as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) the Borrower as applicable will make any such deductions required to be made by it under Applicable Law and (iii) the Borrower as applicable will pay when due the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.
- (b) The Borrower will indemnify the Lender, within 10 days after demand therefor, for the full amount of any Taxes (including Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender in respect of the Obligations (other than Excluded Taxes) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender will be conclusive absent manifest error.

## **ARTICLE 4 REPAYMENT; PAYMENT PROVISIONS**

### **4.1 Repayment**

Repayment of principal outstanding under the Loans shall be made on the last day of each month, commencing on the day of the month following the month in which the Closing Date occurs. Each monthly principal repayment of the Loans shall be comprised of the sum of:

- (a) the gross principal amount outstanding multiplied by  $1/A$ , where A equals the number of whole or part months remaining to the Maturity Date for such Loan, plus 12 months to maintain a 48 month amortization period; and
- (b) on the last day of the second month following each fiscal quarter of the Borrower, 35% of the positive Free Cash Flow for the respective fiscal quarter, provided that the Lender may,

at the Borrower's request with five days' prior notice, but in its sole discretion, elect to waive any quarterly Free Cash Flow payment.

#### 4.2 Time, Place and Currency of Payment

- (a) Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid at or before 12 noon (Calgary time) on the day such amount is due. All payments shall be made at the head office of the Lender in Calgary, Alberta or as otherwise directed by the Lender.
- (b) All payments shall be made as directed by the Lender from time to time.

#### 4.3 Prepayment

The Loans may be prepaid in full or partially, in immediately available funds, at any time commencing 12 months after the Closing Date on not less than 60 days' prior written notice, except as otherwise contemplated below in this Section 4.3 (a "**Prepayment Notice**"), provided that:

- (a) any prepayment amount (the "**Prepayment Amount**") shall be in an amount of at least \$500,000; and
- (b) if the Loans are repaid in full, the Participation Fee shall be paid concurrently with such payout.

In the event the Borrower delivers a Prepayment Notice, but does not deliver the Prepayment Amount to the Lender in immediately available funds on the date specified ("**Prepayment Date**") in the Prepayment Notice, the Borrower shall pay a fee to the Lender due on the day following the Prepayment Date in an amount equal to the greater of \$50,000 or 1% of the proposed Prepayment Amount to compensate the Lender for costs incurred in the sourcing and reallocation of funds.

#### 4.4 Other Mandatory Repayments

In addition to any regularly scheduled payments of the Obligations under the Loans as set forth herein, the Borrower shall also repay Obligations under the Loans using the following proceeds:

- (a) all net proceeds of any issuances or sales of debt securities by any Loan Party;
- (b) other than the dispositions of assets permitted under Section 8.2(d), all net proceeds from any sale or other disposition of any assets of any Loan Party (except where such proceeds are reinvested (or contracts and/or obligations are in place to complete reinvestment) in similar assets, subject to the approval of the Lender, within 180 days after the date of making any such sale or disposition); and
- (c) all net proceeds from insurance claims or expropriation or condemnation proceedings of any Loan Party (excluding claims from business interruption insurance), except where no Event of Default has occurred and is continuing and such proceeds are reinvested by the applicable Loan Party in replacement or similar assets within 180 days after the receipt of such proceeds.

Unless otherwise indicated, the Lender shall have the right to apply any of these mandatory repayments in such manner as the Lender sees fit, including against any of the Obligations under either of the Loans.

#### **4.5 Application of Payments**

Notwithstanding anything else contained herein, all payments received by the Lender shall first be credited as payment of interest and fees owing by the Borrower in respect of the Loans and then as repayment of the principal amount owing by the Borrower to the Lender hereunder.

#### **4.6 No Set-off**

The Borrower shall make all payments to the Lender without set-off or counterclaim.

### **ARTICLE 5 CONDITIONS PRECEDENT**

#### **5.1 Conditions Precedent**

The effectiveness of this Agreement, and the availability of the Loans, is subject to and conditional upon the prior satisfaction of the following conditions precedent (collectively, the "**Drawdown Conditions Precedent**"):

- (a) investment committee approval having been obtained by the Lender;
- (b) satisfactory completion of the Lender's due diligence, including the Lender's review of the corporate structure, financial performance, financial status, assets and operations of the Loan Parties, and such other due diligence as may be required by the Lender;
- (c) the discharge or subordination of any and all existing security against the property of the Loan Parties (other than Permitted Liens) as may be required by the Lender;
- (d) the Borrower shall have provided the Lender with an amendment to the provisions of the MSA, on terms satisfactory to the Lender, in the Lender's sole unfettered discretion, including, without limitation, confirmation by Tartan that the Borrower is in material compliance with all the terms and provisions of the MSA or, alternatively, that Tartan has otherwise unconditionally waived any and all defaults by the Borrower pursuant to the MSA;
- (e) the repayment of \$1,400,000 to Tartan pursuant to the MSA;
- (f) the Lender being satisfied that there has been no material deterioration in the financial condition of the Loan Parties, taken as a whole;
- (g) no event shall have occurred and be continuing and no circumstance shall exist which has not been waived, which constitutes a default in respect of any material commitment, agreement or any other instrument to which any Loan Party is a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or terminate any such material commitment, agreement or instrument which

would have a Material Adverse Effect upon the financial condition, property, assets, operation or business of any Loan Party, taken as a whole;

- (h) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred;
- (i) Lender has received an Oil and Gas Ownership Certificate, satisfactory to Lender including a schedule of major producing petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (W.I. or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides;
- (j) Lender has reviewed and is satisfied with the information concerning the Borrower's LLR in all applicable jurisdictions and any associated deposits required with the applicable Energy Regulator;
- (k) Lender has received an Environmental Certificate;
- (l) the Lender being satisfied that all representations and warranties in this Agreement and in the Security shall be true, complete and correct;
- (m) the Lender shall have received, in form and substance reasonably satisfactory to the Lender, the following:
  - (i) duly executed copies of this Agreement, the Security and other Loan Documents, registered as required to perfect and maintain the security created thereby, and such certificates, authorizations, resolutions of the board of directors of the Loan Parties and legal opinions as the Lender may reasonably require including an opinion from counsel to the Loan Parties with respect to status and the due authorization, execution, delivery, validity and enforceability against the Loan Parties of this Agreement, the Security and other Loan Documents;
  - (ii) certificates of insurance issued by the Loan Parties' insurance broker in respect of all policies required to be maintained by the Loan Parties which are to name the Lender as loss payee and additional insured;
  - (iii) certified copies of all shareholder, regulatory (including from any Energy Regulator), Governmental Authorizations and other approvals required in order for the Loan Parties to enter into this Agreement and the other Loan Documents, as applicable, and to perform its obligations thereunder;
  - (iv) a pro forma Compliance Certificate from the Borrower;
  - (v) a duly executed copy of the Tartan Subordination Agreement;
  - (vi) duly executed copies of each of the Noteholder Subordination Agreements;
  - (vii) a duly executed copy of the DACA;
  - (viii) a duly executed copy of the ATB NIL;

- (ix) payment of all fees payable to the Lender that are due and payable at such time (or satisfactory arrangements having been made for such payment); and
- (x) such other closing documents and documentation that the Lender may reasonably request, including any additional security requested by the Lender; and
- (n) the Borrower shall have delivered to the Lender a Drawdown Notice in accordance with the provisions of this Agreement.

## **5.2 Conditions Precedent to Tranche B Advance**

The obligation of the Lender to make the Tranche B Advance to the Borrower is subject to and conditional upon the following conditions precedent:

- (a) the Drawdown Conditions Precedent shall have been satisfied or shall continue to be waived by the Lender, in its sole discretion;
- (b) the Lender has approved, in its sole discretion, the Drawdown Notice from the Borrower, together with detailed support including well licenses and authorizations for expenditures detailing the use of funds of the Tranche B Advance for capital or resource development expenditures that will result in a material incremental economic value added to the Borrowing Base Assets; and
- (c) receipt of such other documents as the Lender may reasonably require.

## **5.3 Waiver of a Condition Precedent**

The terms and conditions of Sections 5.1 and 5.2 are inserted for the sole benefit of the Lender and may be waived by the Lender in whole or in part with or without terms or conditions.

# **ARTICLE 6 SECURITY**

## **6.1 Security**

As general and continuing security for the payment and performance of the Obligations, present and future, the Loan Parties shall grant to the Lender, and shall maintain at all times the following security in form and substance satisfactory to the Lender:

- (a) a \$20,000,000 fixed and floating charge debenture from each Loan Party over all of its present and after acquired personal property, and a floating charge on all of its present and after acquired real property, subject only to the Permitted Liens;
- (b) a debenture pledge agreement from each Loan Party;
- (c) an environmental agreement and indemnity from each Loan Party;
- (d) full liability guarantees and postponements and assignments of claims from each Guarantor (if any);
- (e) the DACA;

- (f) the Noteholder Subordination Agreements;
- (g) the Tartan Subordination Agreement; and
- (h) such other security as may be required by the Lender from time to time.

## 6.2 After-Acquired Property and Further Assurances

Each Loan Party will from time to time execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge, including in connection with all property acquired by each Loan Party after the date hereof, as may be required to properly perfect the Lien of the Lender in such property.

## ARTICLE 7 REPRESENTATIONS AND WARRANTIES

### 7.1 Representations and Warranties

The Borrower represents and warrants to the Lender, acknowledging that the Lender is relying on such representations and warranties in entering into this Agreement and advancing the Loans hereunder, the following:

- (a) **Formation, Organization and Power:** each Loan Party is a corporation or partnership, duly incorporated, continued, amalgamated or formed, as the case may be, and validly subsisting under the laws of the jurisdiction of its incorporation, formation, amalgamation or continuance, as the case may be, is duly registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary and has the full corporate or other power and capacity to own, lease or hold its properties and assets and conduct its business as presently conducted;
- (b) **Authority:** the execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is a party (i) have been duly authorized by all necessary corporate or other action, (ii) are within such Loan Party's corporate or other power and capacity, (iii) do not violate any provision of Applicable Law or of such Loan Party's constating documents, (iv) do not result in the breach of or constitute a default or require any consent under, or result in the creation of any Lien upon any of the property or assets of such Loan Party pursuant to, any indenture or other agreement or instrument to which such Loan Party is a party or by which such Loan Party or its property may be bound or affected, other than in favour of the Lender or pursuant to the Security, and (v) do not require any license, consent or approval of or advance notice to or advance filing with any Governmental Authority that has not already been received;
- (c) **Execution and Delivery of Loan Documents:** each Loan Document, to which they are a party, has been duly executed and delivered by the Loan Parties;
- (d) **Enforceability:** each Loan Document constitutes a legal, valid and binding obligation of the Loan Parties to which each is a party, enforceable against such Loan Parties in accordance with its terms, except as enforceability may be limited by general principles of equity (regardless of whether enforcement is sought in a proceeding in law or at equity)

and bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;

- (e) **Subsidiaries:** as at the date hereof, the Borrower has no Subsidiaries;
- (f) **Financial Condition:** the financial statements of the Loan Parties most recently provided to the Lender fairly present its financial positions as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and there have been no material adverse change in the financial condition, operations or business of the Loan Parties since the date of such financial statements. No Loan Party has contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Lender which would have a Material Adverse Effect on its business or prospects;
- (g) **Litigation:** there are no suits or proceedings (including proceedings by or before any arbitrator, government commission, board, bureau or other administrative agency) pending or, to the knowledge of the Borrower, threatened, against or affecting any of the Loan Parties, that are reasonably likely to cause, either separately or in the aggregate, a Material Adverse Effect, and there are no circumstances of which the Borrower is aware which might give rise to any such proceeding which has not been fully disclosed to the Lender;
- (h) **Compliance with Laws:** each Loan Party is in compliance with all Applicable Laws in the jurisdictions in which it carries on business, has not received notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such Applicable Laws, and is not aware of any pending change or contemplated change to any Applicable Law that would, in each case, reasonably be expected to have a Material Adverse Effect;
- (i) **Governmental Authorizations:** each Loan Party has or will have when required, all Governmental Authorizations under all Applicable Laws and regulations necessary for the operation of the businesses currently carried on, or proposed to be carried on, by it and each Governmental Authorization is valid, subsisting and in good standing and it is not in default or breach of any Governmental Authorization, unless, in each case, failure to so obtain or maintain such Governmental Authorization would not reasonably be expected to have a Material Adverse Effect, and to the best of its knowledge, no material proceeding is pending or threatened to revoke or limit such Governmental Authorization;
- (j) **Anti-Corruption Laws:** each Loan Party, each Subsidiary of each Loan Party, and each director, officer, employee and agent thereof is in compliance, in all material respects, with all applicable Sanctions, Anti-Corruption Laws and AML Laws;
- (k) **Compliance with Contracts:** each Loan Party is in compliance with all contracts, agreements and employee benefit plans, applicable to it, has not received notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance, except to the extent any failure to be so in compliance would not reasonably be expected to constitute or cause a Material Adverse Effect;
- (l) **Environmental Matters:** each Loan Party has obtained all permits, licenses and other Governmental Authorizations which are required for its property, business or assets under all applicable Environmental Laws and is in compliance with all Environmental Laws and all terms and conditions of all such permits, licenses and Governmental Authorizations, except to the extent any failure to have obtained any such permit, license or other

Governmental Authorizations or to be so in compliance would not reasonably be expected to constitute or cause a Material Adverse Effect;

(m) **Environmental Condition of Property:**

- (i) no property of the Loan Parties is the subject of any outstanding orders from a government agency or otherwise alleging violation of any Environmental Laws; and
- (ii) to the knowledge of the Borrower after due inquiry, no Contaminants have been Released at, on or under any property of the Loan Parties;

(n) **Environmental Claims:** there is no claim, action, prosecution or other proceeding of any kind pending or threatened against any of the Loan Parties or any of their assets or properties before any court or administrative agency which: (i) relates to any non-compliance with any Environmental Law; (ii) relates to any Release from its lands of a Contaminant into Environment; or (iii) if adversely determined, might have a Material Adverse Effect; and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Lender;

(o) **Compliance with Environmental Laws:** the Borrower is not in default of any Environmental Laws or Abandonment/Reclamation Order that it has received from any applicable Energy Regulator that would reasonably be expected to have a Material Adverse Effect;

(p) **Events of Default:** no Event of Default has occurred which is continuing and no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any covenant or other term or condition of this Agreement or any of the Security given in connection therewith;

(q) **Title to Assets:** each Loan Party has good, valid and marketable title to all of its assets and properties (subject to minor title defects or irregularities), and except for Permitted Liens, such assets and properties, are not subject to any Liens;

(r) **Taxes:** each Loan Party has paid or made adequate provision for the payment of all Taxes levied on it or on its property or income that are due and payable, including interest and penalties, or has accrued such amounts in its financial statements for the payment of such Taxes, except Taxes that are not material in amount, that are not delinquent or if delinquent are being contested in good faith, and in respect of which non-payment would not individually or in the aggregate constitute or cause, or be reasonably likely to constitute or cause, a Material Adverse Effect, and there is no material action, suit, proceeding, investigation, audit or claim now pending or, to the knowledge of the Borrower, threatened, by any Governmental Authority regarding any Taxes nor has any Loan Party agreed to waive or extend any statute of limitations with respect to the payment or collection of Taxes;

(s) **Rent Payments:** there are no outstanding rent payments owing by a Loan Party in respect of any leased real property;

(t) **Deposit Accounts:** the only operating and deposit accounts of each Loan Party are set out in Schedule "F" attached hereto; and



- (u) **True and Complete Disclosure:** the information, reports, financial statements, engineering data, production and cash flow projections, exhibits, disclosure letters and schedules and other information and data furnished in writing to the Lender in connection with the negotiation, preparation or delivery of this Agreement, the other Loan Documents executed on or before the date hereof or included herein or therein or delivered pursuant hereto or thereto and prepared by or on behalf of the Loan Parties, and, if applicable, all publicly filed documents in relation to the Loan Parties, are true and correct in all material respects and fairly reflect the interests of the Loan Parties therein net of all royalties and other burdens affecting the same and, when taken as a whole do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading; provided that, with respect to any such information, materials and documents provided by a third party, this representation is limited to the knowledge of the Loan Parties.

## ARTICLE 8 COVENANTS OF THE BORROWER

### 8.1 Positive Covenants

During the term of this Agreement, each Loan Party covenants with the Lender to:

- (a) **Payment and Performance:** duly and punctually pay all sums of money due hereunder;
- (b) **Use of Loans:** use the proceeds of the Loans solely for the purposes provided for herein;
- (c) **Existence:** maintain its corporate or other existence under the laws of the jurisdiction of formation and register and qualify and remain registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary, except to the extent such failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect;
- (d) **Maintenance of Security:** fully and effectually maintain and keep maintained all security interests granted to the Lender under the Security as a valid and effective Lien and charge at all times;
- (e) **Maintenance of Properties:** shall (i) maintain and operate its properties and operations in accordance with good industry practice, (ii) cause all of its properties to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment, and (iii) cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in its reasonable judgment may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times;
- (f) **General Insurance:** shall maintain in full force and effect with insurers of recognized standing such policies of insurance on such terms and in such amounts covering its properties and operations as is customarily maintained by Persons engaged in the same or similar business in the localities where its properties and operations are located, and provide evidence thereof as and when may be required by the Lender;

- (g) **Compliance With Laws and Regulations:**
- (i) comply in all respects with all Applicable Laws, rules, regulations and orders of Governmental Authorities, including, without limitation, Environmental Laws, except to the extent any failure to do so would not reasonably be expected to constitute or cause a Material Adverse Effect; and
  - (ii) observe and conform in all respects to all valid requirements of any Governmental Authority relative to any of its assets and all covenants, terms and conditions of all agreements upon or under which any of its assets are held, except to the extent any failure to be so in compliance would not reasonably be expected to constitute or cause a Material Adverse Effect;
- (h) **Notice of Environmental Damage:** promptly upon acquiring knowledge thereof, provide the Lender with written notice of the discovery of any Contaminant or Release of a Contaminant into the Environment from or upon any land or property owned or leased by it;
- (i) **Notice of Environmental Claims:** promptly upon acquiring knowledge thereof, provide the Lender with particulars of any Environmental Claim, action, suit or proceeding, pending, arbitration or mediation requests which, if determined adversely, would result in a judgement or award against a Loan Party that could reasonably be expected to have a Material Adverse Effect;
- (j) **Additional Information:** upon the request of the Lender (acting reasonably), make available for discussion with the Lender at all reasonable times the senior officers primarily responsible for its activities and affairs;
- (k) **Notice of Material Adverse Effect:** provide prompt notice to the Lender of any matter of which it is aware that has or could reasonably be expected to have a Material Adverse Effect;
- (l) **Notice of Defaults:** provide prompt notice to the Lender of the occurrence of any Event of Default or of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Agreement or of any other Loan Document;
- (m) **Notice of Litigation:** provide prompt notice to the Lender on becoming aware of the occurrence of any litigation, dispute, arbitration or other proceeding the result of which if determined adversely would result in (a) a judgment or award against it in excess of \$200,000, or (b) a Material Adverse Effect, and from time to time provide the Lender with all reasonable information requested by the Lender concerning the status of any such proceeding;
- (n) **Notice from Governmental Authority:** provide prompt notice to the Lender: (i) of any notice received from any Governmental Authority stating that any Loan Party is non-compliant with any Governmental Authorization, provided that such non-compliance has, or could reasonably be expected to have, a Material Adverse Effect, or (ii) if any Governmental Authorization related to its properties or assets is suspended or revoked;

- (o) **Notice of Asset Sale or Acquisition:** provide prompt notice to the Lender of any acquisition or sale of any equipment or inventory of the Loan Parties (or any of them) that are "serial number goods" (as defined in the *Personal Property Security Act* (Alberta) and have a book value in excess of \$100,000;
- (p) **Taxes:** pay or discharge, or cause to be paid or discharged, before the same will become delinquent, all Taxes imposed upon it or upon its income or profits or in respect of its business or property and file all tax returns and loss carry back requests in respect thereof no later than six months after each fiscal year-end; provided, however that it will not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof is being contested in good faith by appropriate proceedings and an appropriate financial reserve in accordance with GAAP and satisfactory to the Lender has been established;
- (q) **Maintenance of Books and Records:** keep proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP and, if an Event of Default occurs, then upon the request of the Lender, shall make its records available for confidential inspection by the Lender and its respective employees or representatives at all reasonable times;
- (r) **Anti-Corruption Policies:** maintain in effect policies and procedures designed to promote compliance by the Loan Parties, its Subsidiaries, and their respective directors, officers, employees and agents, with all applicable Sanctions, AML Laws and Anti-Corruption Laws;
- (s) **Additional Information:** furnish to the Lender any information including, without limitation any other reports, studies or other materials prepared from time to time regarding the business affairs, operations, properties and assets and financial condition of the Loan Parties as the Lender may reasonably require from time to time;
- (t) **Payment of Other Obligations:** pay or cause to be paid all rents, royalties and other obligations to pay money validly imposed upon it, or upon its properties or assets or any part thereof, as and when the same become due and payable, except to the extent any failure to do so would not reasonably be expected to constitute or cause a Material Adverse Effect;
- (u) **Further Assurances:** do all such further acts and things, consent to all such further registrations against any of its real and personal property, and execute and deliver all such further documents as shall be reasonably required by the Lender in order to maintain the Lender's priority as against other lenders and creditors, to ensure the terms and provisions of the Loan Documents are fully performed and carried out and to ensure that each material provision of each Loan Document is and continues to be a valid and binding obligation of the Loan Parties as applicable enforceable against it in accordance with its terms;
- (v) **Access to Property; Board Observer:** allow representatives of the Lender to:
  - (i) have access to its property at reasonable times and upon reasonable notice; and
  - (ii) attend all meetings of the board of directors of the Borrower as an observer and be provided with all materials presented to, and discussed at, such meetings of the board of directors of the Borrower;

- (w) **Reporting:** the Borrower shall deliver to the Lender, in such form as is satisfactory to the Lender:
- (i) within 150 days after the end of each fiscal year, annual audited financial statements of the Borrower on a consolidated basis, with drafts of such audited financial statements to be provided within 90 days of the end of each fiscal year;
  - (ii) within 60 days after the end of each fiscal quarter, quarterly interim internally prepared financial statements of the Borrower on a consolidated basis, with drafts of such internally prepared financial statements to be provided within 45 days of the end of each fiscal quarter;
  - (iii) within 45 days after the end of each fiscal quarter:
    - (A) internally-prepared engineering report, prepared by a qualified engineer, regarding the Borrowing Base Assets, which shall include the present value, discounted at 12%, of the Borrowing Base Assets, determined in accordance with NI 51-101 and COGEH, except as otherwise stipulated herein;
    - (B) the price deck used to generate the engineering report referenced in Section 8.1(w)(iii)(A), which shall have been based on the forward/future commodity prices available from a reference acceptable to the Lender, obtained no later than 3 (three) days prior to the date of submission hereunder;
    - (C) the ValNav database used to generate the engineering report referenced in Section 8.1(w)(iii)(A) or, if a different reserve valuation software is used, an input report, in form acceptable to the Lender, detailing the production and decline parameters, price deck, royalties, fixed and variable cost parameters, capital expenditures, currency exchange rates and such other information as the Lender may require, together with the resulting economic summary report(s) showing overall forecast revenues, royalties, costs and resulting present value, discounted at 12% per annum, of the PDP, 2P and TP reserve (as commonly defined in the oil and gas industry);
    - (D) lease operating statements, production reports and revenue reports regarding the Borrowing Base Assets;
    - (E) LLR reporting in form and content acceptable to the Lender; and
    - (F) a report of all Swap transactions extending beyond the applicable fiscal quarter, including information and calculations of the unrealized gains and/or losses,with drafts of such materials to be provided within 30 days of the end of each fiscal quarter (i.e. March 31, June 30, September 30 and December 31);
  - (iv) within 60 days after the end of each fiscal quarter, a Compliance Certificate for such period, with draft to be provided within 45 days of the end of each fiscal quarter;

- (v) within 150 days after the end of each fiscal year, a Compliance Certificate for such period, with a draft of such Compliance Certificate to be provided within 90 days of the end of each fiscal year;
- (vi) within 60 days after the end of each fiscal year, an Oil and Gas Ownership Certificate, satisfactory to Lender including a schedule of major producing petroleum and natural gas reserves held by the Loan Parties described by lease (type, date, term, parties), legal description (wells and spacing units), interest (W.I. or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances and overrides;
- (vii) within 60 days after the end of each fiscal year, an LMR and decommissioning expense report, and an update as to the amount the Borrower has expended on decommission expenses during the applicable fiscal year and how it has performed against the budgeted amount in the applicable decommissioning budget with an explanation from management to explain any material variations therefrom and any other matters related to any changes in the Borrower's abandonment and reclamation policies;
- (viii) within 120 days after the end of each fiscal year, an annual externally-prepared engineering report of the Loan Parties' total proved properties (including, without limitation, the Borrowing Base Assets) prepared by an accredited, independent firm of consulting petroleum engineers satisfactory to Lender;
- (ix) within 90 days after the end of each fiscal year, the ValNav database of the reserve report referenced in Section 8.1(w)(viii) (including, without limitation, the Borrowing Base Assets) or, if a different reserve valuation software is used, an input report, in form acceptable to the Lender, detailing the production and decline parameters, price deck, royalties, fixed and variable cost parameters, capital expenditures, currency exchange rates and such other information as Lender may require, together with the resulting economic summary report(s) showing overall forecast revenues, royalties, costs and resulting present value, discounted at 12% per annum, of the PDP, 2P and TP reserves (as commonly defined in the oil and gas industry);
- (x) semi-annually on or before May 31 and November 30 respectively, of each fiscal year, an Abandonment and Reclamation Report for the relevant period, in a format acceptable to Lender and a completed "LMR Decommissioning Expense Worksheet", and an update as to the amount the Loan Parties have expended on decommission expenses during the applicable Fiscal Year and how they have performed against the budgeted amount in the applicable decommissioning budget with an explanation from management to explain any material variations therefrom and any other matters related to any changes in the Borrower's abandonment and reclamation policies;
- (xi) an ARO Budget delivered annually concurrently with the annual reporting referenced in paragraph 8.1(w)(i) above (with ARO Schedule);
- (xii) prompt notification relating to any Energy Regulator notices/directives received by the Borrower directly or indirectly relating to abandonment, reclamation and non-compliance matters; and

- (xiii) such other information as may be reasonably requested by the Lender from time to time;
- (x) **Quarterly Meetings:** the Borrower shall schedule quarterly meetings with the Lender to review the financial and operating performance of the Loan Parties with disclosure equivalent to that of a formal observer role of the Board of Directors;
- (y) **Material Subsidiaries:** within 10 days of a Subsidiary qualifying as a Material Subsidiary hereunder, cause each such Material Subsidiary to become a Guarantor hereunder and deliver its Security (which may, at the Lender's discretion, include, without limitation, all Security as required in Section 6.1) to the Lender, together with registrations and opinions from counsel which may be required by the Lender;
- (z) **Movement of Assets:** the Borrower shall provide the Lender 20 days' prior written notice where any of its assets, in an individual occurrence or a series of connected occurrences, valued in the aggregate in excess of \$100,000, are to be moved to a jurisdiction where the Loan Parties do not currently carry on business;
- (aa) **Engineering Date, etc.:** the Borrower will ensure that all engineering data, production and cash flow projections and such other information and data regarding the Loan Parties and the Borrowing Base Assets provided to the Lender by or on behalf of the Loan Parties (including without limitation, any engineering reports and land schedules) are true and accurate in all material respects as at the time provided and fairly reflect the interests of the Loan Parties therein net of all royalties and other burdens affecting the same;
- (bb) **Fixed Charge Undertaking:** each Loan Party undertakes that, upon request from the Lender, such Loan Party will grant a fixed mortgage and charge to Lender on any or all real property of that Loan Party so designated by Lender. The Borrower shall promptly provide to the Lender all information reasonably requested by the Lender to assist it in obtaining and perfecting such fixed security. The Borrower acknowledges that this undertaking constitutes present and continuing security in favour of the Lender, and that the Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as the Lender may determine necessary to ensure perfection of such fixed security if and when required to be granted by the Borrower hereunder;
- (cc) **Material Adverse Effect - Environment:** provided a Material Adverse Effect with respect to any matter respecting the Borrower and the Environment has been identified and is continuing, then, at the request of the Lender, the Loan Parties will assist the Lender in conducting an environmental audit of the property which is the subject matter of such obligations or liabilities, by an independent consultant selected by the Lender. The cost of such audit will be for the account of the Loan Parties, provided that the Lender will carry out such audit in consultation with the Borrower to expedite its completion in a cost effective manner. If such audit indicates that any Loan Party is in breach, or with the passage of time is likely to be in breach, of any Environmental Laws and such breach or potential breach individually or in the aggregate would have, in the opinion of the Lender, acting reasonably, a Material Adverse Effect, and without in any way prejudicing or suspending any of the rights and remedies of the Lender under the Loan Documents, the applicable Loan Party will forthwith commence and diligently proceed to rectify or cause to be rectified such breach or potential breach, as the case may be, and will keep the Lender fully advised of the actions they intend to take and have taken to rectify such breach or potential breach and the progress they are making in rectifying same. The Lender will be

permitted to retain, for the account of the applicable Loan Party, the services of a consultant to monitor the Loan Parties' compliance with this Section 8.1(cc);

- (dd) **Notice of Abandonment/Reclamation Order:** the Borrower shall provide to the Lender, promptly following the receipt thereof, copies of any Abandonment/Reclamation Order or other notices or communications related to any material directives, rules, regulations or other orders issued by any applicable Energy Regulator to the Borrower, together with, as applicable, a reasonable and factually supportable estimate of such costs within 15 Business Days of its receipt of the applicable order and shall deliver to the Lender all such relevant information related to such estimate as may be reasonably required by the Lender, with such estimate to be certified by a senior officer of Borrower;
- (ee) **Maintenance of LLR:** the Borrower shall maintain an LLR in each Material Jurisdiction of no less than:
  - (i) 1.5 through to and including June 30, 2023; and
  - (ii) 2.0 thereafter; and
- (ff) **Changes in LLR Parameters:** If:
  - (i) because of a Change in Law, any applicable Energy Regulator ceases to use an LLR system as a means of determining compliance with ARO policies in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets;
  - (ii) the method of calculation of any such LLR changes in any material manner in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets; or
  - (iii) if the threshold for which license transfers of regulated properties permitted under a licensee liability regime in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets changes,

then, in any such case, the Borrower and the Lender shall enter into good faith discussions with a view to determining a comparable rating system or threshold, as applicable, to replace the concept of LLR that is, at such time, broadly accepted as the prevailing market practice for such regulation in the applicable jurisdiction(s), with the intent of having the respective positions of the Lender and the Borrower after such change conform as nearly as possible to their respective positions immediately prior to such change; provided that, until any such agreement is reached, LLR shall continue to be calculated as if no such change had occurred.

## 8.2 Negative Covenants

During the term of this Agreement, each Loan Party covenants with the Lender that, without the prior written consent of the Lender:

- (a) **Restriction on Amalgamation:** it shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, other than, in each case, with another Loan Party;

- (b) **Restriction on Reorganization:** it shall not amend its constating documents in any manner adverse to the interests of the Lender or the Security or otherwise enter into any other form of business combination (other than as expressly permitted pursuant to Section 8.2(a) above);
- (c) **Restriction on Liens:** except for Permitted Liens, it shall not create, incur, assume or suffer to exist any Lien, upon or with respect to any of its undertaking, properties, rights or assets, whether now owned or hereafter acquired;
- (d) **Restriction on Asset Sales:** it shall not directly or indirectly, make any sale, exchange, lease, transfer or other disposition of any of its assets, other than Permitted Dispositions;
- (e) **Restriction on Shares Sales:** it shall not sell, transfer, convey, encumber or otherwise dispose of any shares or securities held in any other Loan Party or permit any reorganization or Change of Control of any Loan Party (other than solely among Loan Parties);
- (f) **Restriction on Capital Expenditures:** it shall not make any capital expenditure if any Event of Default has occurred and is continuing, and provided further, that for greater certainty, capital expenditures related to maintenance, repairs, or other modifications to existing assets shall not constitute capital expenditures for the purposes of this Section 8.2(f);
- (g) **Dividends and Distributions:** it shall not repay any shareholder loans or declare and pay any dividends, redeem shares or otherwise make any capital or other distributions or pay any amounts in respect of capital to its security holders or pay any management fees (other than, for greater certainty, in connection with salaries paid to officers, directors or employees in accordance with existing employment agreements or otherwise in the ordinary course of business), other than to the holders of the Convertible Notes, subject to the provisions of the Noteholder Subordination Agreements;
- (h) **Transactions With Affiliates or Associates:** it shall not engage in any transaction with any Affiliate or Associate on terms which are less favorable to it than would be obtainable at the time in comparable transactions with any Person which is not an Affiliate or Associate;
- (i) **Financial Assistance:** it shall not make any contributions of capital or any other forms of equity investment in any Person, nor make any loan to, or provide any funds from the Loans to, any other Person or provide any Financial Assistance to any Person, other than, in each case, another Loan Party;
- (j) **Limitation on Indebtedness:** it shall not create, incur, assume or suffer to exist any Indebtedness other than Permitted Indebtedness;
- (k) **Investments:** it shall not make any direct or indirect (i) acquisition of any shares, partnership interests, participation interests in any arrangement, options or warrants, or any indebtedness, whether or not evidenced by any bond, debenture or other written evidence of such Person (other than another Loan Party), or (ii) acquisition, by purchase or otherwise, of all or substantially all of the business, assets or stock or other evidence of beneficial ownership of such Person (other than another Loan Party);



- (l) **Material Contracts:** it shall not modify, alter, amend (except to correct or rectify ambiguities or inconsistent provisions, clerical omissions or manifest errors), knowingly waive strict and timely performance of any compliance with or waive any default under, or terminate, cancel or suspend, or assign, any Material Contract;
- (m) **No Change of Name:** it shall not continue into any other jurisdiction and shall not change its name without providing the Lender with 30 days' prior written notice thereof;
- (n) **No Change in Business:** it shall not change the nature of its business or cease or threaten to cease to carry on the business currently being carried on by it or a substantial portion thereof or make or agree to make an assignment, disposition or conveyance, whether by way or sale or otherwise, of its assets in bulk (other than to another Loan Party);
- (o) **Restriction on Deposit Accounts:** it shall not maintain any operating and deposit accounts with any deposit taking institution other than which is subject to the DACA and disclosed in Schedule "F";
- (p) **Restriction on Assets of Subsidiaries:** subject to Section 8.1(y), it shall not permit any Subsidiary other than a Material Subsidiary to own more than 5% of the Consolidated Net Tangible Assets or to have revenue (calculated on its preceding consecutive twelve month period) constituting more than 5% of the consolidated revenue of the Loan Parties for the then preceding consecutive twelve month period;
- (q) **Swaps:** it will not enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to GAAP); provided that, without limiting the generality of the foregoing, the following shall be deemed to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:
  - (i) any Interest Swap if the equivalent amount in Canadian dollars of the notional amount of Indebtedness under such Interest Swap together with the equivalent amount in Canadian dollars of the notional amount of all other Interest Swaps then in effect in respect of the Loan Parties exceeds the underlying exposure to the risk hedged or sought to be hedged by such Interest Swap at the time such Interest Swap is entered into;
  - (ii) any Commodity Swap if the term of such Commodity Swap exceeds two years or if the aggregate amount of Petroleum Substances subject to such Commodity Swap, together with all other Commodity Swaps then in place, would exceed in the aggregate on a rolling basis for the next following two years, 75% in the first year and 60% in the second year, in each case, of the Loan Parties' combined average daily production of such Petroleum Substances (net of royalties) during the immediately preceding fiscal quarter of the Borrower, as determined at the time any such Commodity Swap is entered into and as adjusted for acquisitions, divestitures and extraordinary events during such fiscal quarter in a manner satisfactory to the Lender, acting reasonably;
  - (iii) any Currency Swap if the aggregate amount hedged under all Currency Swaps at the time any such Currency Swap is entered into exceeds the Loan Parties' U.S. dollar underlying exposure, whether direct or indirect, to the risk hedged or sought

to be hedged by such Currency Swap at the time such Currency Swap is entered into;

- (iv) any Interest Swap or Currency Swap having a term from its inception to maturity exceeding two years; and
- (v) any Swap in respect of which a Lien is granted, except for Permitted Liens;

and to the extent the Borrowing Base includes any value for any Swap, such Swap shall not be terminated by the applicable Loan Party without the prior written consent of the Lender except at its maturity and in accordance with its terms;

- (r) **Pollutants:** a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all Applicable Laws including without limitation, Environmental Laws, in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutant, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (s) **Asset Acquisitions or Dispositions LLR:** the Borrower will not acquire or dispose of any assets which would result in the Borrower's *pro forma* LLR to be less than the lesser of 2.0 and the then current LLR of the Borrower in such Material Jurisdiction, as applicable, if such acquisition or disposition is of an asset where the Borrower has an operator interest (as determined by the applicable Energy Regulator's order, guideline, directive or regulation, directly or indirectly relating to ARO matters);
- (t) **Swap Monetization:** a Loan Party shall not monetize any Swaps; and
- (u) **Payments on Permitted Indebtedness:** the Borrower shall not make any payments of principal pursuant to the MSA or the Convertible Notes if doing so could reasonably be expected to cause an Event of Default.

### 8.3 Financial Covenants

So long as this Agreement is in force, the Borrower shall maintain:

- (a) an Asset Coverage Ratio of not less than 1.40:1.00 for the period from and including the Closing Date to and including March 31, 2023, and thereafter maintain an Asset Coverage Ratio of not less than 2.00:1.00; and
- (b) a Debt Service Coverage Ratio of not less than 1.25:1:00, commencing with the fiscal quarter of the Borrower ending December 31, 2022, and thereafter.

**ARTICLE 9  
EVENTS OF DEFAULT**

**9.1 Events of Default**

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

- (a) **Non-Payment:** non-payment of principal, interest, fees or any other amounts outstanding under this Agreement and such non-payment is not remedied within five (5) days from the due date thereof;
- (b) **Breach of Covenants:** if a Loan Party neglects to observe or perform any covenant or obligation in any Loan Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 9.1) and such Loan Party fails to remedy such default within ten (10) Business Days from the date of occurrence;
- (c) **Representations and Warranties:** if any representation or warranty made by a Loan Party in this Agreement, any Loan Document or in any certificate or other document at any time delivered hereunder to the Lender proves to have been incorrect or misleading in any material respect on and as of the date that it was made or was deemed to have been made and the Borrower fails to remedy such default within ten (10) Business Days of the occurrence of such event;
- (d) **Voluntary Insolvency:** if a Loan Party shall:
  - (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;
  - (ii) be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;
  - (iii) make a general assignment for the benefit of creditors;
  - (iv) commit an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or make any filing, or be subject to any proceedings under the *Companies' Creditors Arrangement Act* (Canada), or any legislation similar or analogous to the foregoing;
  - (v) commence any cause, proceeding or other action under any existing or future law relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or
  - (vi) take corporate action for the purpose of effecting any of the foregoing;

- (e) **Involuntary Insolvency:** if any cause, proceeding or other action shall be instituted after the date hereof in any court of competent jurisdiction, against a Loan Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of a Loan Party of all or any substantial part of its assets, or any other like relief in respect of it under any bankruptcy or insolvency law, and any such cause, proceeding or other action continues unstayed and in effect for a period of ten (10) Business Days;
- (f) **Invalid Loan Documents:** if any provision of the Loan Documents shall for any reason be invalid, unenforceable or no longer in effect;
- (g) **Judgments:** if a judgment for any amount in excess of \$200,000 is obtained against a Loan Party which remains unsatisfied and undischarged for a period of ten (10) Business Days during which such judgment shall not be on appeal or execution thereof shall not be effectively stayed;
- (h) **Writs:** if a writ, attachment, execution or similar process for any amount in excess of \$200,000 is levied against property of a Loan Party and such writ, attachment, execution or similar process is not released, satisfied, discharged, vacated or stayed within ten (10) Business Days after its entry, commencement or levy;
- (i) **Cross Default:** if any Loan Party defaults in the payment when due of: (i) any Indebtedness for any amount in excess of \$200,000, or otherwise defaults in the performance or observance of any agreement or condition in respect of Indebtedness for any amount in excess of \$200,000 that causes such Indebtedness to become due and payable, or (ii) any amounts owing to parties other than the Lender who, in the Lender's sole opinion, have or could have a security interest, trust or deemed trust in the property, assets or undertaking of the Loan Party which, in the Lender's sole opinion could rank in priority to the security held by the Lender; and, in either case, such breach or default is not remedied within any applicable cure period in the relevant agreement with respect to such Indebtedness, security interest, trust or deemed trust;
- (j) **Default in Payment of Wages:** if a Loan Party defaults or fails to make any payment of wages or other monetary remuneration payable to its employees under the terms of any contract of employment, oral or written, express or implied;
- (k) **Priority Payables:** if a Loan Party fails to remit to the applicable Governmental Authority any material Priority Payables owing by it within ten (10) Business Days of the date that Priority Payable became due;
- (l) **Environmental Order:** if any Environmental Order is issued by any Governmental Authority against a Loan Party and that Environmental Order has not been satisfied or discharged within the time allowed for in that Environmental Order or, if no time is specified in that Environmental Order, within 90 days after the date that Environmental Order was received by a Loan Party (or any longer period as Lender may agree to, acting reasonably, provided that such Loan Party is at all times acting diligently and in good faith to satisfy the Environmental Order); and save and except where that Environmental Order is being contested actively and diligently in good faith by appropriate and timely proceedings and the enforcement of that Environmental Order has been stayed;

- (m) **Seizure of Assets:** if any of the assets of a Loan Party subject to the Security are seized or otherwise attached pursuant to any legal process, including distress, execution or any similar proceeding, and the same is not released or discharged within the shorter of a period of fifteen (15) Business Days or ten (10) Business Days less than such a period as would permit such property to be sold pursuant thereto;
- (n) **Change of Control:** if there is a Change of Control of any Loan Party;
- (o) **Material Adverse Effect:** if, in the reasonable opinion of the Lender, a Material Adverse Effect occurs; or
- (p) **Borrowing Base Shortfall:** if at any time the Borrowing Base, upon any redetermination hereunder, divided by 1.4 up to and including March 31, 2023, and divided by 2.0 thereafter, is less than the aggregate of the Loans, with such deficiency amount being referred to herein as the "Borrowing Base Shortfall", then any undrawn credit hereunder shall cease to be available to the Borrower and the Loans shall be permanently reduced to an amount equal to the Borrowing Base. In addition, the Borrower shall, within 45 days from its receipt of notice of such Borrowing Base Shortfall in writing from Lender (the "**BBS Cure Period**"), eliminate the Borrowing Base Shortfall by:
  - i) providing Lender, or causing another Loan Party to provide Lender, other security or third party guarantees for the Loans in form, substance, amount and in respect of assets satisfactory to all Lender in its sole discretion (provided that any additional oil and gas assets offered as security will be evaluated by Lender in accordance with its normal oil and gas evaluation parameters); and/or
  - ii) effecting a permanent repayment of the Loans in excess of the new redetermined Borrowing Base.

During the BBS Cure Period, Lender shall not be obligated to make any further Loans available under this Agreement. If the Borrowing Base Shortfall is not eliminated as required above within the BBS Cure Period, such failure shall be an Event of Default for the purposes of this Agreement. If the Borrowing Base Shortfall is eliminated as required above within the BBS Cure Period, then the undrawn credit hereunder shall again become available on the terms and conditions hereof to the extent of the Loans (as permanently reduced to the newly determined Borrowing Base) in accordance with the provisions hereof.

## 9.2 Acceleration and Enforcement

- (a) If any Event of Default occurs:
  - (i) the outstanding principal amount of the Loans and all other Obligations will, at the option of the Lender, become immediately due and payable with interest thereon, at the rate or rates determined as herein provided, to the date of actual payment thereof, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, all of which are hereby expressly waived by the Borrower; provided that, if any Event of Default described in Section 9.1(d) or 9.1(e) with respect to the Borrower occurs, the outstanding principal amount of the Loans and all other Obligations will automatically be and become immediately due and payable;

- (ii) the Borrower shall not make any further payments of Permitted Indebtedness, other than the Indebtedness under this Agreement; and
  - (iii) the Lender may, in its discretion, exercise any right or recourse and proceed by any action, suit, remedy or proceeding against the Loan Parties authorized or permitted by law for the recovery of all the Obligations to the Lender and, whether or not the Lender has exercised any of its rights under Section 9.2(a), proceed to exercise any and all rights hereunder and under the Security.
- (b) The Lender is not under any obligation to the Loan Parties or any other Person to realize upon any collateral or enforce the Security or any part thereof or to allow any of the collateral to be sold, dealt with or otherwise disposed of. The Lender is neither responsible nor liable to the Loan Parties, or any of them, or any other Person for any loss or damage arising from such realization or enforcement or the failure to do so or for any act or omission on its part or on the part of any director, officer, employee, agent or adviser of the Lender in connection with any of the foregoing.

### **9.3 Waiver of Default**

Any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Loan Parties hereby waive any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under the Loan Documents.

### **9.4 Application of Payments Following Acceleration**

Except as otherwise agreed to by the Lender in its sole discretion, any sum received by the Lender at any time after acceleration of the Loans pursuant to Section 9.2 or the occurrence of an Event of Default, shall be applied by the Lender in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) first, in or towards payment of any fees or expenses then due and payable to the Lender hereunder;
- (b) second, in respect of amounts due and payable to the Lender as and by way of recoverable expenses hereunder;
- (c) third, in respect of amounts due and payable to the Lender by way of interest pursuant to Section 3.1;
- (d) fourth, in respect of any other amount not hereinbefore referred to in this Section which are then due and payable by the Loan Parties hereunder; and
- (e) fifth, in or towards repayment to the Lender of all other amounts then outstanding hereunder.

## **9.5 Remedies Cumulative**

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement therein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement therein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. The Lender may to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

- (a) the specific performance of any covenant or agreement contained in the Loan Documents;
- (b) enjoining a violation of any of the terms of the Loan Documents;
- (c) aiding in the exercise of any power granted by the Loan Documents or by law; or
- (d) obtaining and recovering judgment for any and all amounts due in respect of the Loan or amounts otherwise due hereunder or under the Loan Documents.

## **9.6 Set-Off**

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time after the occurrence of an Event of Default which has not theretofore been waived by the Lender and from time to time thereafter without notice to the Borrower or to any other Person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Lender to or for the credit of or the account of the Loan Parties against and on account of the obligations and liabilities of the Loan Parties to the Lender under this Agreement, including without limitation, all claims of any nature or description arising out of this Agreement or the Loan Documents, irrespective of whether or not the Lender has made any demand under this Agreement and although these obligations, liabilities or claims of the Loan Parties or any of them are contingent or unmatured.

## **9.7 Lender May Perform Covenants**

If the Loan Parties, or any of them, shall fail to perform any covenant on its part herein contained, the Lender may perform any of the said covenants capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds. All amounts so paid by the Lender hereunder shall be repaid by the Borrower on demand therefor, and shall bear interest at the Interest Rate from the date paid by the Lender hereunder to and including the date such amounts are repaid in full by the Borrower.

## ARTICLE 10 INDEMNITIES

### 10.1 Illegality

If any Change in Law makes it unlawful or prohibited for the Lender (acting reasonably and in good faith) to make, to fund or to maintain the Loans or a portion of the Loans or to perform its obligations under this Agreement, the Lender may, by written notice to the Borrower terminate its obligations under this Agreement to make the Loans or perform such obligations and the Borrower shall repay the Loans forthwith (or at the end of such period as the Lender in its discretion agrees acting in good faith) together with all accrued but unpaid interest and fees as may be to the date of payment.

### 10.2 General Indemnity

The Borrower hereby covenants with the Lender that it shall at all times hereafter keep the Lender indemnified and held harmless from and against all suits (whether founded or unfounded), actions, proceedings, judgments, demands or claims instituted or made against the Lender, and all costs, losses, liabilities, damages and expenses (including all reasonable and documented legal fees on a solicitor and his own client basis) incurred by the Lender, in any way relating to, arising out of, or incidental to (i) the Lender entering into or being a party to any of the Loan Documents, or by reason of its exercising or performing any right, power or obligation under any of the Loan Documents or in connection with its interest in any Lien granted under the Loan Documents, (ii) the breach of or non-compliance with any Environmental Law by any mortgagor, owner or lessee of any property or any of the properties now or previously used by the Loan Parties, (iii) the occurrence of any applicable default or Event of Default under this Agreement, or (iv) any failure to fulfill the conditions precedent as provided for in this Agreement, if as a result of that failure the initial advance under the Loans is not made on the anticipated date, including but not limited to any loss or expense sustained or incurred in liquidating or redeploying deposits or other funds contracted for or acquired or used to effect or maintain any part of that advance. This indemnity shall extend to the Lender and the officers, directors, employees, shareholders and assignees of the Lender and to the general partner of the Lender, and to its officers, directors, employees, shareholders and assignees (collectively the "**Indemnitees**") provided that this indemnity shall not apply to any matters caused by the gross negligence or wilful misconduct of the Indemnitees. This indemnity shall survive the termination of this Agreement.

## ARTICLE 11 ASSIGNMENT AND PARTICIPATION

### 11.1 Assignment

The Borrower may not assign its rights or obligations hereunder without the prior written consent of the Lender. The Lender may, with the Borrower's consent, such consent not to be unreasonably withheld, or without the Borrower's consent where an Event of Default has occurred and is continuing, assign in whole or in part its rights and obligations under this Agreement and the other Loan Documents to any Person. Upon any assignment by the Lender to an assignee in accordance with the foregoing provisions of this Section (an "**Assignee**"), the Assignee shall, to the fullest extent permitted by law, have the same rights and benefits hereunder and under the other Loan Documents and the same continuing obligations as it would have if it were such Lender hereunder.

### 11.2 Participations

The Lender may, without the consent of the Borrower, grant one or more participations in the Loan to other persons, provided that the granting of such a participation shall not affect the obligations of the



Lender hereunder. No participant of the Lender shall have any rights or benefits hereunder, nor shall the consent or approval of such participant be required for any consent, approval or waiver from the Lender or any other action by the Lender, including, without limitation, under Section 9.2.

## **ARTICLE 12 MISCELLANEOUS**

### **12.1 Severability**

If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

### **12.2 Survival of Undertakings**

All covenants, undertakings, agreements, representations and warranties made pursuant to this Agreement shall survive the execution and delivery of this Agreement and continue in full force and effect until the full payment and satisfaction of all obligations of the Borrower incurred pursuant to the Loan Documents and the termination of this Agreement.

### **12.3 Failure to Act**

No failure, omission or delay on the part of the Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

### **12.4 Amendments**

No amendment, waiver, discharge or termination of any provision of the Loan Documents shall in any event be effective unless it is in writing and then such amendment, waiver, discharge or termination will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

### **12.5 Notice**

If to the Lender:

Invico Diversified Income Limited Partnership  
600, 209 - 8 Avenue SW  
Calgary, AB T2P 1B8

Attention: Allison M. Taylor  
Email: amtaylor@invicocapital.com

If to the Borrower:

Free Rein Resources Ltd.  
Suite 3900, 350 - 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9

Attention: Terry R. McCallum

Email: terry@freereinres.com

Any such communication shall be deemed to have been validly and effectively given if (i) personally delivered or if delivered by email transmission, on the date of such delivery if such date is a Business Day and such delivery was made prior to 5:00 p.m. (Calgary time), otherwise on the next Business Day, and (ii) mailed, on the 5<sup>th</sup> Business Day next following the mailing thereof, provided that postal service is in normal operation during such time. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the party at its changed address.

#### **12.6 Further Assurances**

The Loan Parties shall do all such further acts and things and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms of the Loan Documents.

#### **12.7 Governing Law**

The Parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

#### **12.8 Whole Agreement**

This Agreement together with the other Loan Documents constitute the whole and entire agreement between the Parties and cancels and supersedes any prior agreements, undertakings, declarations and representations, written or verbal, in respect of the subject matter of this Agreement and the other Loan Documents.

#### **12.9 Paramountcy**

In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this Agreement and the term sheet in respect hereof or any other Loan Document, then the provisions of this Agreement shall govern and be paramount, and any such provision in such other document shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

#### **12.10 Term of Agreement**

The term of this Agreement is until the payment in full of all the obligations of the Borrower incurred pursuant to this Agreement.

#### **12.11 Time of Essence**

Time shall be of the essence of this Agreement.

#### **12.12 Counterpart; Electronic Execution**

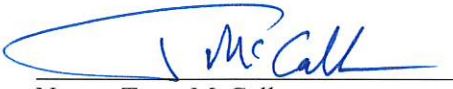
This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement and the execution and delivery of counterparts

of this Agreement by telecopier or other electronic means (including PDF format) by any party shall be binding upon the parties hereto.

**[The remainder of this page has intentionally been left blank.]**

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be duly executed as of the date first above written.

**FREE REIN RESOURCES LTD.**, as borrower

Per:   
Name: Terry McCallum  
Title: Chief Executive Officer

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP by its general partner, INVICO  
DIVERSIFIED INCOME MANAGING GP INC.**, as lender


Per: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be duly executed as of the date first above written.

**FREE REIN RESOURCES LTD.**, as borrower

Per: \_\_\_\_\_  
Name:  
Title:

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP** by its general partner, **INVICO  
DIVERSIFIED INCOME MANAGING GP INC.**, as lender

Per:   
Name: Jason Brooks  
Title: President

**SCHEDULE "A"**  
**COMPLIANCE CERTIFICATE**

TO: Invico Diversified Income Limited Partnership  
600, 209 – 8 Avenue SW  
Calgary Alberta T2P 1B8  
Attention: Allison M. Taylor  
Email: amtaylor@invicocapital.com

Dear Sirs/Mesdames:

1. Reference is made to the loan agreement made as of September 21, 2022 (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") between, among others, **FREE REIN RESOURCES LTD.**, as borrower (the "**Borrower**") and **INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP**, as lender (the "**Lender**"). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Loan Agreement.
2. I, **[name]**, in my capacity as the \_\_\_\_\_ of the Borrower and not in any personal capacity, and I, **[name]** hereby certify that as of the date hereof:
  - (a) the representations and warranties set forth in the Loan Agreement are true and correct on the date hereof; and
  - (b) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default has occurred and is continuing.
3. As at **[insert period]**, 20\_\_,:
  - (a) the Asset Coverage Ratio is \_\_\_\_\_:1.00, being not be less than the required Asset Coverage Ratio of 1.40:1.00 for the period from and including the Closing Date to and including March 31, 2023, and thereafter 2.00:1.00; and
  - (b) the Debt Service Coverage Ratio is \_\_\_\_\_:1.00, being not less than the required Debt Service Coverage Ratio of 1.25:1.00, commencing with the fiscal quarter ending December 31, 2022, and thereafter.
4. The calculation of the financial ratios referred to in paragraphs 3(a) and 3(b) above is as set out, together with a reconciliation of such calculation to the consolidated financial statements of the Borrower, in Exhibit 1 attached hereto.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_

Name:

Title:

**SCHEDULE "B"**  
**REQUEST FOR EXTENSION**

Date: \_\_\_\_\_

Invico Diversified Income Limited Partnership  
600, 209 – 8 Avenue SW  
Calgary, AB T2P 1B8

Attention: Allison M. Taylor

Dear Sirs/Mesdames:

We refer to the loan agreement dated as of September 21, 2022 between Free Rein Resources Ltd., as borrower (the "**Borrower**") and Invico Diversified Income Limited Partnership, as lender (the "**Agreement**"). Capitalized terms used herein have the same meaning as in the Agreement.

In accordance with the Agreement, we hereby request that Lender provide an offer to extend the Maturity Date under the Loans for a period of up to 365 days.

We hereby certify that:

1. except as disclosed to Lender in writing, the representations and warranties contained in the Agreement are true and correct on the date hereof and will be true and correct on the date of extension, as applicable, with the same effect as if such representations and warranties were made on such dates; and
2. no event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement or any Loan Document granted in connection therewith and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

If you will offer this extension on the existing terms and conditions, please execute the counterpart of this request for extension and return it to us in accordance with the provisions of the Agreement.

Yours truly,

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**SCHEDULE "C"**  
**DRAWDOWN NOTICE**

TO: Invico Diversified Income Limited Partnership  
600, 209 – 8 Avenue SW  
Calgary, AB T2P 1B8  
Attention: Allison M. Taylor  
E-mail: amtaylor@invicocapital.com

Dear Sirs/Mesdames:

Reference is made to the loan agreement made as of September 21, 2022 between Free Rein Resources Ltd., as borrower (the "**Borrower**") and Invico Diversified Income Limited Partnership, as lender (as amended, modified, supplemented, restated or replaced, from time to time, the "**Loan Agreement**"). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Loan Agreement.

The Borrower hereby requests the following drawdown pursuant to the provisions of the Loan Agreement:

- (a) Date of Advance: \_\_\_\_\_
  - (b) Loan (Tranche A, B or C): \_\_\_\_\_
  - (c) Amount of Advance: \_\_\_\_\_
  - (d) Special Instructions (if any): \_\_\_\_\_
- 1) For Tranche B Advance, detailed support has been provided to evidence compliance with Section 2.2(b), including, but not limited to, well licenses and authorizations for expenditure that are expected to add material incremental economic value to the Borrower Base.
  - 2) The representations and warranties set forth in the Loan Agreement, the Security and any Loan Document are true and correct in all material respects on the date hereof.
  - 3) No event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred and is continuing on the date hereof, or would result from the making of the advance.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "D"**  
**FORM OF ENVIRONMENTAL CERTIFICATE**

TO: INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP

Re: Loan agreement dated September 21, 2022 between Free Rein Resources Ltd., as borrower (the "**Borrower**") and Invico Diversified Income Limited Partnership (the "**Lender**") (such Loan Agreement, as it may be amended, modified, supplemented, modified, restated or replaced from time to time, is referred to as the "**Loan Agreement**").

This Environmental Certificate is given pursuant to Section 8.1(w) of the Loan Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Loan Agreement.

- (a) I am the duly appointed \_\_\_\_\_ of Borrower and hereby make the following certifications in such capacity for and on behalf of Borrower and not in my personal capacity and without assuming any personal liability whatsoever.
- (b) The following certifications are made to the best of my knowledge, information and belief, after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Loan Parties to confirm that the internal environmental reporting and response procedures of the Loan Parties have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct in all material respects, and that matters reported on by such officers and staff are true and correct in all material respects.
- (c) The Loan Parties have each complied with all Environmental Laws relating to its assets, business and operations, except to the extent that the failure to do so would not, in the aggregate, have a Material Adverse Effect, and:
  - (i) each of the Loan Parties possess all environmental licences, permits and other Governmental Authorizations necessary to conduct their respective businesses, including operations at its properties and facilities, other than such licences, permits and other Governmental Authorizations the absence of which would not in the aggregate, have a Material Adverse Effect,
  - (ii) none of the Loan Parties have received any notices to the effect that the operations or the assets of any Loan Party on its real property are: (i) not in full compliance with all Environmental Laws except to the extent that any failure to do so would not have, in the aggregate, a Material Adverse Effect or (ii) the subject of any federal or provincial remedial or control action or order, or any investigation or evaluation as to whether any remedial action is needed to respond to a Release or threatened Release of any Hazardous Materials into the Environment or any facility or structure, except to the extent any failure to comply would not have a Material Adverse Effect, and
  - (iii) none of the Loan Parties have received any notices or claims that it is or may be liable to any Person in any material amount (including any individual or

government, whether federal, provincial, city or municipal) as a result of the Release or threatened Release of any Hazardous Materials into the Environment or into any facility or structure nor have there been any Releases of any Hazardous Materials into the Environment or into any facility or structure, which after lapse of time, would give rise to any Environmental Claims which would have a Material Adverse Effect nor has any Loan Party been made aware that there is any basis for any such Environmental Claims being commenced nor has any Loan Party ever been convicted of any offence in respect of Environmental Claims.

- (d) This Environmental Certificate is signed by the undersigned officer of the Borrower in his capacity as an officer of the Borrower without personal liability to the undersigned officer.
- (e) This Environmental Certificate may be executed electronically and delivered by email, facsimile or other functionally equivalent electronic means.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Signature page to Form of Environmental Certificate

**SCHEDULE "E"**  
**FORM OF OIL AND GAS OWNERSHIP CERTIFICATE**

TO: Invico Diversified Income Limited Partnership ("**Invico**")

RE: Loan agreement dated September 21, 2022 (the "**Loan Agreement**") between Free Rein Resources Ltd., as borrower (the "**Borrower**") and Invico Diversified Income Limited Partnership (the "**Lender**") (as amended, modified, supplemented or restated from time to time)

This certificate is delivered pursuant to Section 8.1(w) of the Loan Agreement.

The undersigned, \_\_\_\_\_, being the \_\_\_\_\_ of the Borrower hereby certifies for and on behalf of the Borrower and each Loan Party (collectively, the "**Loan Parties**") and not in any personal capacity and without assuming any personal liability whatsoever, as follows:

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the "**Title Enquiries**") relating to the hydrocarbons and lands or interests in lands (the "**Lands**") described in [describe Engineering Reports] with respect to the Loan Parties' proved plus probable reserves (collectively, the "**Engineering Reports**").
2. Attached hereto is a complete listing of all of the petroleum and natural gas rights of the Loan Parties and each constituting interests in land (including legal descriptions, Crown lease numbers, issue dates, zone restrictions, names of freehold lessors, before and after payout working interests, and all royalties and burdens encumbering such interests).
3. Based upon the Title Enquiries, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents the Loan Parties from providing a security interest over such Lands to the Lender, or which would prevent the Lender from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and/or waiver of a right of first refusal in the event of the sale of the Lands on the realization and enforcement of such security.
4. Based upon the Title Enquiries, to the best of my knowledge, information and belief, the Loan Parties are, effective as of the date hereof, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Reports with respect to the Lands, subject to any Permitted Liens and to minor title defects.
5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Loan Parties or for which the Loan Parties are liable, including by any operator of the Lands) of payment of royalties in connection with the Lands which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this certificate which would reasonably be expected to have a Material Adverse Effect and no Loan Party nor any Person on behalf of a Loan Party (including any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, could reasonably be expected to have a Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default of any such obligation which would reasonably be expected to have a Material Adverse Effect.

- 6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, no Loan Party nor any Person on behalf of a Loan Party (including any operator of the Lands) has received notice of any claim adverse to a Loan Party's working, royalty and other interests in the Lands which if successfully asserted would reasonably be expected to have a Material Adverse Effect and there are no security interests or adverse claims, other than the Permitted Liens, which affect the title of any Loan Party to their respective interests in the Lands which in any way would reasonably be expected to have a Material Adverse Effect.
- 7. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands which would reasonably be expected to have a Material Adverse Effect and any Loan Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions which are reasonably expected to result in the diminishment or forfeiture of any material working, royalty and other interests, except those, without duplication, which are not prohibited by the Loan Agreement or which are accounted for in the Engineering Reports.
- 8. All of the working, royalty and other interests of the Loan Parties in respect of petroleum and natural gas rights described in the Engineering Reports are accurately reflected in the Engineering Reports in all material respects.
- 9. All the historical data provided by each Loan Party to the independent petroleum engineer providing such Engineering Report for use in connection therewith was prepared from information reasonably believed to be complete and accurate in all material respects.
- 10. All data in the possession of or available to each Loan Party which is material to the preparation of such Engineering Report has been made available to such independent petroleum engineer.
- 11. Capitalized words and phrases used herein and not otherwise defined herein have the meanings given to them in the Loan Agreement.
- 12. This certificate may be executed electronically and delivered by email, facsimile or other functionally equivalent electronic means.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FREE REIN RESOURCES LTD.**

By: \_\_\_\_\_  
Name:  
Title:

Signature page to Form of Oil & Gas Ownership Certificate

**SCHEDULE "A"**

<b><u>AREA</u></b>	<b><u>LEGAL</u></b>	<b><u>BORROWER'S TITLE</u></b>	<b><u>ENCUMBRANCES</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>DOCUMENTS</u></b>
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**SCHEDULE "F"**  
**DEPOSIT ACCOUNTS**

Account number	Account title/Owner	Depository Institution/ Intermediary	Currency	Location	Contact	Type of Account
<b>00365781779</b>	Free Rein Resources Ltd.	ATB Financial	CAD	Calgary, Stephen Ave Branch 102 8 Ave SW, Calgary, AB, T2P 1B3	Angela Higginson	Commercial
<b>00333069978</b>	Free Rein Resources Ltd.	ATB Financial	CAD	Calgary, Stephen Ave Branch 102 8 Ave SW, Calgary, AB, T2P 1B3	Angela Higginson	Unlimited Business Banking

# SCHEDULE "G"

## TELFORDVILLE ASSETS

### MINERAL RIGHTS

M00003-A	Status	Active	Lease date	Sep-01-2004	Gross rental	636.00	Hectares	Gross	Net		
	Name/ID	PSK M67035	Expiry date	Aug-31-2009	Net rental	636.00	Developed	257.380	257.380		
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Sep-01-2021	Undeveloped	0.000	0.000		
	Area	Telfordville	Extension	Held By	Produced	Paid by	Total	257.380	257.380		
	Prov/State	Alberta									
	Min int	100.00000000	Terminated								
	Int type	Working Interest									
	Lands				DOI	Percentage				Flags	Notes
	TWP 50 RGE 2 WSM 27				INITIAL SET UP - Default / Rental						
	P&NG from Surface to Base Banff				FREE REIN RESOURCES LTD.	100.00000000%				O	

M00006-A	Status	Active	Lease date	Mar-16-1995	Gross rental	224.00	Hectares	Gross	Net		
	Name/ID	0495030519	Expiry date	Mar-15-2000	Net rental	134.40	Developed	0.000	0.000		
	Type	Petroleum & Natural Gas Lease	Extension date	Mar-15-2999	Next rental date	Mar-15-2022	Undeveloped	64.000	38.400		
	Area	Telfordville	Extension	Held By	Produced	Paid by	Total	64.000	38.400		
	Prov/State	Alberta									
	Min int	100.00000000	Terminated								
	Int type	Working Interest									
	Lands				DOI	Percentage				Flags	Notes
	TWP 50 RGE 2 WSM 5E 28				SET UP - Default / Rental						
	P&NG from Surface to Base Banff				FREE REIN RESOURCES LTD.	60.00000000%				O	
					PETRUS RESOURCES CORP.	40.00000000%					

M00008-A	Status	Active	Lease date	May-10-2017	Gross rental	988.25	Hectares	Gross	Net		
	Name/ID	PSKM223936	Expiry date	May-09-2018	Net rental	706.07	Developed	164.708	117.679		
	Type	Natural Gas Lease	Extension date	May-10-2099	Next rental date	May-10-2021	Undeveloped	0.000	0.000		
	Area	Telfordville	Extension	Held By	Produced	Paid by	Total	164.708	117.679		
	Prov/State	Alberta									
	Min int	100.00000000	Terminated								
	Int type	Working Interest									
	Lands				DOI	Percentage				Flags	Notes
	TWP 50 RGE 2 WSM PTN 33				SET UP -						
	Natural Gas In Ellerslie Member				FREE REIN RESOURCES LTD.	78.00000000%				O	
	ALL OF SW QUARTER				PETRUS RESOURCES CORP.	22.00000000%					
	PTN OF NW QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 40.9 HA (101 ACES) MORE OR LESS				SET UP - Default						
					FREE REIN RESOURCES LTD.	71.44680000%				O	
					PETRUS RESOURCES CORP.	28.55320000%					
	PTN OF NE QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 1.62 HA (4 ACES) MORE OR LESS				rental - Rental						
					FREE REIN RESOURCES LTD.	78.00000000%				O	
					PETRUS RESOURCES CORP.	22.00000000%					
	PTN OF SE QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 57.5 HA (142 ACES) MORE OR LESS										

M00009-A	Status	Active	Lease date	Apr-13-1993	Gross rental		Hectares	Gross	Net		
	Name/ID	0493040127	Expiry date	Mar-31-1998	Net rental	0.00	Developed	93.200	55.920		
	Type	Petroleum & Natural Gas Lease	Extension date	Apr-01-2099	Next rental date	Apr-01-2021	Undeveloped	0.000	0.000		
	Area	Telfordville	Extension	Held By	Produced	Paid by	Total	93.200	55.920		
	Prov/State	Alberta									
	Min int	100.00000000	Terminated								
	Int type	Working Interest									
	Lands				DOI	Percentage				Flags	Notes
	TWP 50 RGE 2 WSM PTN N 33				RENTAL -						
	TWP 50 RGE 2 WSM PTN SE 33				FREE REIN RESOURCES LTD.	60.00000000%				O	
	P&NG from Surface to Base Mannville				PETRUS RESOURCES CORP.	40.00000000%					
	Excluding Natural Gas from Surface to Base Ellerslie Member				INITIAL SET UP - Default						
					PETRUS RESOURCES CORP.	40.00000000%					
					FREE REIN RESOURCES LTD.	60.00000000%				O	

M00009-B	Status	Active	Lease date	Apr-13-1993	Gross rental	326.60	Hectares	Gross	Net		
	Name/ID	0493040127	Expiry date	Mar-31-1998	Net rental	0.00	Developed	0.000	0.000		
	Type	Petroleum & Natural Gas Lease	Extension date	Apr-01-2099	Next rental date	Apr-01-2021	Undeveloped	0.000	0.000		
	Area	Telfordville	Extension	Held By	Produced	Paid by	Total	0.000	0.000		
	Prov/State	Alberta									
	Min int	100.00000000	Terminated								
	Int type	Working Interest									
	Lands				DOI	Percentage				Flags	Notes
	TWP 50 RGE 2 WSM PTN N 33				SET UP - Default						
	TWP 50 RGE 2 WSM PTN SE 33				FREE REIN RESOURCES LTD.	71.44680000%				O	
	Natural Gas from Surface to Base Ellerslie Member				PETRUS RESOURCES CORP.	28.55320000%					
					RENTAL - Rental						
					FREE REIN RESOURCES LTD.	60.00000000%				O	
					PETRUS RESOURCES CORP.	40.00000000%					
					INITIAL SET UP -						
					PETRUS RESOURCES CORP.	40.00000000%					
					FREE REIN RESOURCES LTD.	60.00000000%				O	

M00007-A	Status	Active	Lease date	Jul-27-1971	Gross rental	896.00	Hectares	Gross	Net		
	Name/ID	25425	Expiry date	Jul-26-1981	Net rental	537.60	Developed	256.000	153.600		
	Type	Petroleum & Natural Gas Lease	Extension date	Jul-26-2099	Next rental date	Jul-27-2022	Undeveloped	0.000	0.000		
	Area	Telfordville	Extension	Held By	Produced	Paid by	Total	256.000	153.600		
	Prov/State	Alberta									
	Min int	100.00000000	Terminated								
	Int type	Working Interest									
	Lands				DOI	Percentage				Flags	Notes
	TWP 51 RGE 2 WSM 4				SET UP - Default / Rental						
	P&NG from Surface to Base Mannville				FREE REIN RESOURCES LTD.	60.00000000%				O	
					PETRUS RESOURCES CORP.	40.00000000%					



M00010-A	Status	Active	Lease date	Feb-06-1997	Gross rental	116.00	Hectares	Gross	Net
	Name/ID	0497020175	Expiry date	Feb-05-2002	Net rental	29.00	Developed	33.280	8.320
	Type	Petroleum & Natural Gas Lease	Extension date	Feb-06-2099	Next rental date	Feb-06-2022	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Produced by	LONGRUN EXPLORATION LTD.	Total	33.280	8.320
	Prov/State	Alberta	Terminated						
	Min int	100.00000000							
	Int type	Pooled Working Interest							
	Lands	TWP 51 RGE 2 W5M PTN 5 S Natural Gas from Surface to Base Banff PTN DESIGNATED AS NORTH SASKATCHEWAN RIVER		DOI	SET UP - Rental	Percentage	Flags	Notes	
					LONGRUN EXPLORATION LTD.	100.00000000%	0		
					A - Default	75.00000000%	0		
					LONGRUN EXPLORATION LTD.	25.00000000%			
					FREE REIN RESOURCES LTD.				

### WELLS

	<i>Licence #</i>	<i>UWI</i>	<i>Status</i>
1	A00255913	00/10-32-050-02W5/0	Suspended Gas
2	A00272554	00/04-04-051-02W5/0	Flow GAS
3	A00078729	02/07-04-051-02W5/0	ABD GAS
4	A00205583	00/04-27-050-02W5/2	Flow GAS
5	A00213824	02/16-27-050-02W5/2	Susp GAS
6	A00213824	00/01-34-050-02W5/0	ABD
7	A00216380	00/16-33-050-02W5/0	Flow GAS
8	A00093256	00/05-22-051-01W5/0	ABD Zn GAS
9	A00205882	00/04-10-051-02W5/0	ABD Zn GAS
10	A00203598	00/10-21-050-02W5/0	ABD GAS
11	A00070494	00/07-20-051-01W5/0	ABD GAS
12	A00259389	00/16-05-051-02W5/0	ABD Zn GAS
13	A00213824	00/09-28-050-02W5/0	ABD GAS
14	A00095003	00/06-36-051-02W5/0	ABD GAS

### PIPELINES

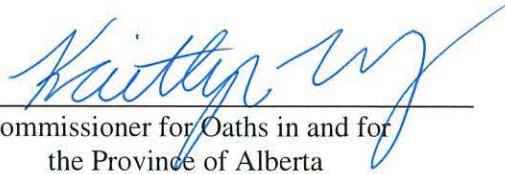
	<i>Licence #</i>	<i>Line Number</i>	<i>Length (km)</i>	<i>Outside Diameter (mm)</i>	<i>Status</i>
1	33841	1	1.36	168.30	Operating
	33841	4	2.02	168.30	Operating
	33841	8	1.84	168.30	Operating
	33841	10	1.41	168.30	Operating
	33841	12	1.14	168.30	Operating
	33841	13	0.80	168.30	Operating
	33841	14	2.10	88.90	Discontinued
	33841	2	1.04	168.30	Discontinued
	33841	7	1.70	114.30	Discontinued
	33841	15	0.10	88.90	Discontinued
2	33835	1	26.88	219.10	Operating
3	34193	1	0.11	88.90	Discontinued
	34193	2	0.51	88.90	Discontinued
4	26634	1	7.30	88.90	Discontinued
	26634	2	0.15	88.90	Discontinued

### FACILITIES

	<i>Licence #</i>	<i>UWI</i>	<i>Line Number</i>	<i>Length (km)</i>	<i>Outside Diameter (mm)</i>	<i>Status</i>
1	F11662	Gas Gathering System				Active
2		P/L Risers	4		219.10	Active
3	F38156	Gas Gathering System				Active

THIS IS **EXHIBIT "C"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

## POSTPONEMENT, SUBORDINATION AND STANDSTILL AGREEMENT

This Postponement, Subordination and Standstill Agreement dated as of the 21<sup>st</sup> day of September, 2022.

AMONG:

**INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP** (the  
“Senior Creditor”)

- and -

**TARTAN ENERGY TECH (SHANGHAI) LTD.** and its Canadian  
affiliated nominee, **TARTAN ENERGY GROUP INC.** (collectively,  
the “Subordinated Creditor”)

- and -

**FREE REIN RESOURCES LTD.** (“Free Rein”)

### WHEREAS:

- A. The Senior Creditor has provided certain credit facilities in favour of Free Rein pursuant to the Senior Loan Agreement;
- B. The Subordinated Creditor has provided certain credit facilities to and in favour of Free Rein pursuant to the MSA;
- C. It is a condition precedent to the extension of credit by the Senior Creditor to Free Rein under the Senior Loan Agreement that the Subordinated Obligations be expressly subordinated to the Senior Obligations in accordance with the terms of this Agreement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Senior Creditor, the Subordinated Creditor, and Free Rein agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, terms and expressions will have the meanings ascribed to them as set forth below:

“**Agreement**” means this Subordination Agreement and includes all amendments and supplements made hereto, all further restatements hereof and all substitutions, modifications and replacements herefor, from time to time;

“**Applicable Law**” means (a) any domestic or foreign statute, law, treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person; in each case to the extent having the force of law;

**“Creditor Proceeding”** means:

- (a) any dissolution, winding-up, total or partial liquidation, adjustment or readjustment of debt, reorganization, compromise, arrangement with creditors, plan of arrangement, compromise, proposal, filing of a notice of intention to make a proposal or similar proceedings under Insolvency laws of or with respect to Free Rein or its property or liabilities, in each case under any Insolvency Law;
- (b) any dissolution, winding-up, total or partial liquidation, adjustment or readjustment of debt, reorganization, compromise, arrangement with creditors, plan of arrangement or similar proceedings under the arrangement provisions of any applicable corporate law (in any case which involves the alteration, amendment, conversion, compromise, satisfaction or discharge of obligations of any or all creditors) of or with respect to Free Rein or its property or liabilities;
- (c) any bankruptcy, insolvency, receivership, interim receivership, petition or assignment in bankruptcy, or assignment for the benefit of creditors under any Insolvency Laws of or with respect to Free Rein;
- (d) any marshalling of assets and liabilities of Free Rein under any Insolvency Laws; or
- (e) any proceedings, or the initiation of any proceedings, in relation to any of the foregoing,

whether any of the foregoing is voluntary or involuntary, partial or complete, and includes any such proceedings initiated or consented to by Free Rein;

**“Default Event”** has the meaning ascribed thereto in Subsection 4.1(a);

**“Event of Default”** has the meaning ascribed thereto in the Senior Loan Agreement;

**“Governmental Authority”** means the Government of Canada or any other nation, or of any political subdivision thereof, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;

**“Insolvency Laws”** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, reorganization, receivership, insolvency, arrangement or similar laws of Canada or any other applicable jurisdiction from time to time that have become applicable to Free Rein or any of its properties or liabilities;

**“Lien”** means any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on Free Rein's Property;

**“MSA”** means the master services agreement dated August 5, 2021, as amended by first amending agreement dated December 1, 2021, as amended by the second amending agreement dated as of the date hereof.

**“Person”** means any individual, partnership, joint venture, trust, unincorporated organization, company, corporation, association, government or any department or agency thereof, and any other incorporated or unincorporated entity, as applicable;

**“Property”** means, in respect of Free Rein's present and hereafter acquired property, assets and undertaking, both real and personal, tangible and intangible, of every nature and kind;

**“Restricted Rights”** has the meaning ascribed thereto in Subsection 6.2(a);

**“Senior Loan Agreement”** means that certain loan agreement dated as of the date hereof made between Free Rein, as borrower, and the Senior Creditor, as lender, as may be further amended, amended and restated, modified, replaced, restated or supplemented from time to time;

**“Senior Documents”** means the Senior Loan Agreement and all other documents, agreements, certificates or instruments contemplated or provided for thereunder, or otherwise granted or executed by Free Rein, pursuant to or in connection with the Senior Loan Agreement, as may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;

**“Senior Obligations”** means, collectively, all present and future amounts, obligations, indebtedness, liabilities, covenants, agreements and undertakings owing by Free Rein to the Senior Creditor, whether direct or indirect (regardless of whether acquired by assignment), absolute or contingent, joint or several, due or to become due, whether liquidated or not, now existing or hereafter arising and however acquired, and whether or not evidenced by any instrument or for the payment of money, and arising under, in connection with, or otherwise related to the Senior Documents and including all other fees, expenses (including fees, charges and disbursements of counsel), interest, commissions, charges, costs, disbursements, indemnities, and reimbursement of amounts paid and other sums chargeable to Free Rein under the Senior Documents;

**“Standstill Period”** has the meaning ascribed thereto in Subsection 6.2(a);

**“Stop Notice”** means a notice in writing by the Senior Creditor to the Subordinated Creditor that an Event of Default, or event, circumstance, occurrence or change constituting a Material Adverse Change (as defined in the Senior Loan Agreement) has occurred and is continuing, or would occur as a result of any payment in respect of the Subordinated Obligations;

**“Subordinated Documents”** means the MSA and all other documents, agreements, certificates or instruments contemplated or provided for thereunder, or otherwise granted or executed by Free Rein, pursuant to or in connection with the MSA, as may be amended, amended and restated, modified, replaced, restated or supplemented from time to time, subject to the limitations and agreements contained in this Agreement;

**“Subordinated Obligations”** means, collectively, all present and future amounts, obligations, liabilities, covenants, agreements and undertakings owing by Free Rein to the Subordinated Creditor, whether direct or indirect (regardless of whether acquired by assignment), absolute or contingent, joint or several, due or to become due, whether liquidated or not, now existing or hereafter arising and however acquired, and whether or not evidenced by any instrument or for the payment of money, and arising under, in connection with, or otherwise related to the Subordinated Documents and including all other fees, expenses (including fees, charges and disbursements of counsel), interest, commissions, charges, costs, disbursements, indemnities, and reimbursement of amounts paid and other sums chargeable to Free Rein under the Subordinated Documents; and

**“Tartan Paydown”** means the paydown of the Subordinated Obligations in an amount equal to \$1,400,000 to be made by Free Rein to the Subordinated Creditor pursuant to the MSA concurrently with execution of this Agreement.

## 1.2 Headings

The division of this Agreement into articles, sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

### **1.3 References**

Unless something in the subject matter or context is inconsistent herewith, all references to Sections and Articles are to Sections and Articles of this Agreement. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Agreement. In this Agreement, the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; and references to any agreement, contract, document or other instrument shall mean and refer to such agreement, contract, document or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time.

## **ARTICLE 2 CONSENT**

### **2.1 Consent**

- (a) The Senior Creditor hereby consents to the granting of the Subordinated Obligations and hereby consents to the creation, issue, execution, delivery and registration of the Liens arising from the Subordinated Documents and agrees that the creation, issue, registration, filing and existence of the same shall not constitute an Event of Default.
- (b) Subject to receipt of the Tartan Paydown, the Subordinated Creditor hereby consents to the granting of the Senior Obligations and hereby consents to the creation, issue, execution, delivery and registration of the Liens arising from the Senior Documents and agrees that the creation, issue, registration, filing and existence of the same shall not constitute an event of default under the Subordinated Documents.
- (c) Free Rein consents to the terms of this Agreement, and confirms to and agrees with the Senior Creditor and the Subordinated Creditor that so long as such party remains obligated or indebted to the Senior Creditor and the Subordinated Creditor, Free Rein shall stand possessed of its Property so charged in favour of the Senior Creditor and the Subordinated Creditor in accordance with their respective interests and priorities as set out in this Agreement.

## **ARTICLE 3 SUBORDINATION, POSTPONEMENT AND PRIORITY**

### **3.1 Subordination**

- (a) Subject to the terms and conditions set forth in Section 4.1, the Subordinated Obligations are hereby irrevocably and unconditionally fully postponed and subordinated to and in favour of the prior payment of the Senior Obligations and Free Rein shall not make and the Subordinated Creditor shall not accept, except as expressly permitted herein, any payment, repayment, prepayment, redemption, repurchase, retraction or other satisfaction of or with respect to all or any portion of the Subordinated Obligations (in each case, whether in cash, property, securities or otherwise) prior to the payment in full of the Senior Obligations.
- (b) The Senior Documents shall have priority over the Subordinated Documents.
- (c) The Senior Creditor, in respect of the Senior Obligations, shall have first priority over the Subordinated Obligations, and first priority over any claims of the Subordinated Creditor in respect of Free Rein and all Property of Free Rein, including without limitation, to discharge and satisfy the Senior Obligations, all in priority to any claim of

the Subordinated Creditor under the Subordinated Documents and the Subordinated Obligations.

### 3.2 Absolute Obligations

The postponement and subordination of the Subordinated Obligations and the Subordinated Documents set out in this Agreement shall be absolute and unconditional and shall apply in all events and circumstances. Without limiting the generality of the foregoing, the rights and priority of the Senior Creditor and the postponement and subordination of the Subordinated Obligations and the Subordinated Documents pursuant hereto shall not be affected by:

- (a) the time, sequence or order of creating, granting, executing, delivering, or registering of or any failure to file or register any security, or any security notice, caveat, financing statement or other notice or instrument in respect of the Senior Documents, the Senior Obligations, the Subordinated Documents or the Subordinated Obligations;
- (b) the date of any payments made by Free Rein;
- (c) the time or order of any advance, the giving of notice or the making of any demand under the Senior Documents or under the Subordinated Documents or the attachment, perfection or crystallization of any security granted under the Senior Documents or the Subordinated Documents;
- (d) the taking of any collection, enforcement or realization proceedings affecting Free Rein;
- (e) any voluntary or involuntary winding-up, dissolution, insolvency, receivership, bankruptcy, liquidation, reorganization, arrangement, composition or any other process or proceeding having similar effect, involving or affecting Free Rein's Property;
- (f) any judgment or any order of any bankruptcy court or any court administering bankruptcy, insolvency, arrangement, reorganization or similar proceedings as to the entitlement of the Senior Creditor or the Subordinated Creditor, or any other judgment or order against Free Rein as to any money or property of Free Rein or the Subordinated Creditor, or the date of any of the foregoing;
- (g) the giving or failure to give any notice, or the order of giving any notice, to Free Rein or the Subordinated Creditor;
- (h) the failure to exercise any power or remedy reserved to the Senior Creditor under the Senior Documents or to insist upon a strict compliance with any of the terms thereof;
- (i) the failure by Free Rein to comply with any restrictions on borrowing or granting of security to which it may be subject, regardless of any knowledge thereof which the Senior Creditor may have or be deemed to have or with which such Senior Creditor may be charged;
- (j) any amendment of or addition or supplement to any Senior Document or any Subordinated Document or any instrument or agreement relating thereto;
- (k) the giving or denial of any waiver, consent, release, indulgence, extension, renewal, modification or delay or the taking or nontaking of any other action, inaction or omission, in respect of any Senior Obligation or any Subordinated Obligation or any instrument or agreement relating thereto or to any securities relating thereto or any guarantee thereof, whether or not Free Rein or any other Person shall have had notice or knowledge of any of the foregoing;

- (l) any priority granted by any principle of law or any statute;
- (m) any failure to act on the part of Free Rein or the Senior Creditor, or any noncompliance by Free Rein with any of the terms, provisions and covenants of the Subordinated Documents or any agreements related thereto, regardless of any knowledge thereof that the Senior Creditor may have or be otherwise charged with; and
- (n) any other factor of legal relevance including, without limitation, any priority granted to the Subordinated Creditor, any Subordinated Document or the Subordinated Obligations by any applicable principle of law or equity.

### **3.3 Priority of Senior Obligations on Enforcement or Insolvency**

In the event of any Creditor Proceeding, the Senior Obligations shall first be paid in full before the Subordinated Creditor shall be entitled to receive or retain any payment or distribution in respect of the Subordinated Obligations. In order to implement the foregoing:

- (a) in the course of realization or enforcement of any Senior Documents, the Senior Creditor and/or a receiver or receiver-manager of Free Rein or of all or part of its assets or any other enforcement, may sell, mortgage or otherwise dispose of the assets of Free Rein, in whole or in part, free and clear of the Subordinated Obligations and the Subordinated Documents and without the approval of the Subordinated Creditor or any requirement to account to the Subordinated Creditor. With respect to any such disposition of the assets of Free Rein, the Subordinated Creditor and Free Rein shall each execute and deliver all such documents and instruments as may be requested by the Senior Creditor in connection therewith to give effect to such disposition of assets free and clear of the Subordinated Obligations and the Subordinated Documents including quit claims and all such other documents and instruments as may be requested by the Senior Creditor from time to time confirming that the Subordinated Obligations and the Subordinated Documents as they pertain to the assets disposed of, have terminated and that such assets are no longer subject to the Subordinated Obligations and the Subordinated Documents; and
- (b) all payments and distributions of any kind or character in respect of the Subordinated Obligations or the Subordinated Documents to which the Subordinated Creditor would be entitled if the Subordinated Obligations or the Subordinated Documents were not subordinated or postponed pursuant to this Agreement shall be made directly to the Senior Creditor for the benefit of the Senior Creditor.

Notwithstanding anything to the contrary herein or under Applicable Law, in the event of any classification of creditors of Free Rein on the commencement of or during any Creditor Proceeding, the Subordinated Creditor agrees that the Senior Creditor shall not, whether for purposes of Voting, distributions or effecting claims, be put in the same class of creditors as the Subordinated Creditor. For the purposes hereof, "Voting" includes any manner of expressing assent or dissent, including voting at a meeting in person or by proxy, written resolution, consent instrument or otherwise.

### **3.4 Receipt of Payments, Proceeds and Assets in Trust**

After the delivery of a Stop Notice, if any payment, proceeds or distribution of assets is received by the Subordinated Creditor from Free Rein in respect of the Subordinated Obligations prior to the payment in full of the Senior Obligations then, except as expressly permitted by Article 4, such payment, proceeds or assets shall be received and held in trust by the Subordinated Creditor for the exclusive benefit of the Senior Obligations, and shall be forthwith paid or delivered to the Senior Creditor.



### 3.5 Application of Proceeds

All payments and distributions received by the Subordinated Creditor in respect of the Subordinated Obligations, to the extent received in or converted into cash and paid over to the Senior Creditor hereunder, may be applied by the Senior Creditor first to the payment of any and all expenses (including legal fees and expenses on the basis of a full indemnity) paid or incurred by the Senior Creditor in enforcing the provisions hereof and any balance thereof shall, solely as between the Subordinated Creditor and the Senior Creditor, be applied by the Senior Creditor to the payment of the Senior Obligations until indefeasibly paid in full and satisfied in such order of application as the Senior Creditor may from time to time select and, notwithstanding any such payments or distributions received by the Senior Creditor in respect of the Subordinated Obligations and so applied by the Senior Creditor toward the payment of the Senior Obligations, the Subordinated Creditor shall not be subrogated, without recourse, representation and warranty to Free Rein or the then existing rights of the Senior Creditor, if any, in respect of the Senior Obligations and Senior Documents, until such time as the Senior Creditor shall have received final and indefeasible payment in full and final satisfaction of all amounts of the Senior Obligations.

## ARTICLE 4 PERMITTED PAYMENTS AND PROCEEDS

### 4.1 Permitted Payments

- (a) Notwithstanding Section 3.1, Free Rein may (i) subject to compliance with section 2.4 of the Senior Loan Agreement, exercise the early payout option pursuant to the MSA, and (ii) make mandatory scheduled payments under its Subordinated Obligations in accordance with the terms of the MSA,

unless and until the occurrence and continuance of any of the following (each, a “**Default Event**”):

- (A) an Event of Default has occurred and is continuing, or would occur as a result of any such payment;
  - (B) the Senior Creditor has issued a Stop Notice;
  - (C) the occurrence of any Creditor Proceeding which is continuing;
  - (D) the commencement of any enforcement of or other exercise of any remedies under any Subordinated Documents which is continuing; and
  - (E) the commencement of any action or proceeding to enforce, collect or receive payment of any Subordinated Obligations or the exercise of any of the Subordinated Creditor’s rights, remedies, interest and powers whether under the Subordinated Documents or by Applicable Law to enforce payment of any Subordinated Obligations, in each case, which is continuing.
- (b) Upon the occurrence of a Default Event, Free Rein shall notify the Senior Creditor and the Subordinated Creditor of same and shall not make any further payments of any Subordinated Obligations or any other payments to the Subordinated Creditor until such Default Event (or the event or circumstances giving rise to same) has been fully remedied and such remedy has been acknowledged in writing by the Senior Creditor.
- (c) Without limiting the generality of the foregoing and in addition to any other rights and remedies available to the Senior Creditor under this Agreement, upon the occurrence of a Default Event, the Senior Creditor may give a written notice to Free Rein.

- (d) Upon receipt of a Stop Notice or a notice from Free Rein pursuant to Section 4.1(b), the Subordinated Creditor shall immediately, pay over to the Senior Creditor, all payments, property and assets of every nature and kind received by the Subordinated Creditor from Free Rein in satisfaction of the Subordinated Obligations at any time after the receipt of such Stop Notice, notwithstanding the provisions of any Subordinated Documents, and Free Rein agrees that it will not make any further payments of any Subordinated Obligations until such Default Event (or the event or circumstances given rise to same) has been fully remedied and such remedy has been acknowledged in writing by the Senior Creditor to Free Rein.

#### **4.2 Cooperation of Subordinated Creditor with Senior Creditor**

The Senior Creditor and the Subordinated Creditor shall reasonably cooperate with each other following the occurrence of a Default Event to ensure the provisions of this Article 4 are complied with.

### **ARTICLE 5 RIGHTS TO DEAL WITH FREE REIN**

#### **5.1 Dealings by Senior Creditor**

The Senior Creditor shall be entitled to deal with Free Rein and any other Person, the Senior Documents and the Senior Obligations as the Senior Creditor may see fit without in any manner affecting the subordination or postponement of the Subordinated Documents and the Subordinated Obligations to the Senior Documents and the Senior Obligations and, in particular, without limiting the generality of the foregoing, the Senior Creditor may from time to time:

- (a) lend monies, refinance or otherwise extend credit, additional credit or accommodations to Free Rein as part of the Senior Obligations; provided, however, that without the prior written consent of the Subordinated Creditor (such consent to not be unreasonably withheld), the Senior Obligations shall not exceed, in aggregate (i) \$10,500,000, and (ii) the amount of the Tartan Payout (as such term is utilized in the Senior Loan Agreement);
- (b) agree to any change in, amendment to, waiver of, or departure from, any term of the Senior Loan Agreement or any of other Senior Document including, without limitation, any amendment, renewal, restatement or extension thereof, or increase in the payment obligations of Free Rein under any such documents;
- (c) take any additional security from Free Rein or any other Person to secure any Senior Obligation or otherwise and amend, supplement, restate, substitute and replace any of the security held by the Senior Creditor, all of which shall be entitled to the benefit of the subordination and postponement set out herein;
- (d) grant time, renewals, extensions, releases, discharges or other indulgences or forbearances to Free Rein in respect of the Senior Obligations;
- (e) waive timely and strict compliance with or refrain from exercising any rights under or relating to the Senior Obligations;
- (f) accept or make any compositions, arrangements, plans of reorganization or compromises with Free Rein as the Senior Creditor may deem appropriate in connection with the Senior Obligations;
- (g) change, whether by addition, substitution, removal, succession, assignment, grant of participation, transfer or otherwise, of the Senior Creditor;

- (h) acquire, give up, vary, exchange, release, discharge or otherwise deal with or fail to deal with any Liens relating to any Senior Obligations, or allow Free Rein or any other Person to deal with the property which is subject to such Liens, all as the Senior Creditor may deem appropriate; and/or
- (i) abstain from taking, protecting, securing, registering, filing, recording, renewing, perfecting, insuring or realizing upon any Liens for any Senior Obligations; and no loss in respect of any of the Liens received or held for and on behalf of the Senior Creditor, whether occasioned by fault, omission or negligence of any kind, whether of the Senior Creditor, the Senior Creditor or otherwise, shall in any way limit or impair the liability of the Subordinated Creditor or the rights of the Senior Creditor under this Agreement,

all of which may be done without notice to or consent of the Subordinated Creditor and without impairing, releasing or otherwise affecting any obligations of the Subordinated Creditor hereunder or any rights of the Senior Creditor hereunder.

## **ARTICLE 6 DEALINGS BY THE SUBORDINATED CREDITOR**

### **6.1 Restricted Dealings**

Except with the prior written consent of the Senior Creditor, the Subordinated Creditor agrees that it shall not:

- (a) redeem or accept prepayment of the principal sum except as otherwise permitted under the MSA in accordance with the mandatory payment provisions set forth therein and in accordance with the terms of this Agreement (including, without limitation, pursuant to Section 4.1(a)(i)). For certainty, any voluntary prepayments by Free Rein of part or all of the Subordinated Obligations shall not be permitted without the prior written consent of the Senior Creditor, other than pursuant to and permitted by Section 4.1(a)(i) hereof;
- (b) upon the occurrence and continuance of a Default Event, set off any amounts owing by it to Free Rein against any Subordinated Obligations;
- (c) take or hold, directly or through any nominee, any Lien as security for the payment or performance of any of the Subordinated Obligations except for the second-priority Liens granted by Free Rein to the Subordinate Lender as at the date hereof;
- (d) lend additional monies, refinance or otherwise extend credit, additional credit or accommodations to Free Rein in excess of the principal amount of \$5,145,000;
- (e) declare a default or an event of default under the Subordinated Documents provided such default or event of default arises directly pursuant to a default under the Senior Documents and pursuant to Section 6 of the MSA if the default or event of default under the Senior Credit Agreement that triggered the default or event of default under the Subordinated Documents has been cured, waived, or is no longer continuing;
- (f) amend, waive, modify or supplement the terms and conditions of the Subordinated Documents or any agreement or instrument relating to the Subordinated Obligations except amendments which both:
  - (i) are in accordance with the terms of the Senior Loan Agreement and the other provisions of this Agreement; and
  - (ii) satisfy the following:

- (A) do not increase the amount of interest or principal payable under the MSA or other amounts payable thereunder and no change in the currency of payment thereof;
  - (B) do not result in an acceleration in timing or amounts of any payments under the MSA; and
  - (C) would not be materially adverse to the interests of the Senior Creditor; or
- (g) sell, transfer, assign, negotiate, mortgage, charge or otherwise encumber or dispose of in any manner its interest in the Subordinated Documents or the Subordinated Obligations, or any part thereof, as applicable, to any other Person, unless (i) such Person shall have first become bound by the obligations of the Subordinated Creditor under this Agreement; and (ii) the prior written consent of the Senior Creditor shall have been received.

## 6.2 Standstill

- (a) Unless the Senior Obligations have been indefeasibly paid and satisfied in full, the Subordinated Creditor shall not (the following detailed in Sections 6.2(a)(i) to (iii), inclusive, are collectively referred to herein as the “**Restricted Rights**”):
- (i) enforce or exercise, or seek to enforce or exercise, any remedies under any Subordinated Documents or take any proceedings in connection therewith;
  - (ii) institute or commence, or join with any other Person in instituting or commencing, any Creditor Proceedings or take any steps or proceedings in connection therewith; or
  - (iii) institute or commence any action or proceeding to enforce, collect or receive payment of any Subordinated Obligations or exercise any of its rights, remedies interests and powers, whether by way of Applicable Law or pursuant to its Subordinated Documents to enforce payment of any Subordinated Obligations, including any action of enforcement, realization, foreclosure, collection, seizure, garnishment or execution (in any case in respect of the Property and, for certainty, whether as a secured or unsecured creditor),

until the expiry of a period (the “**Standstill Period**”) of 180 days after the provision of written notice by the Subordinated Creditor to the Senior Creditor that repayment of all of the Subordinated Obligations has been accelerated and that the Subordinated Creditor is seeking to enforce, exercise, institute or commence (as the case may be) Restricted Rights; provided that, notwithstanding anything herein to the contrary, in no event shall the Subordinated Creditor be entitled to enforce or exercise any Restricted Rights with respect to the Property if, notwithstanding the expiration of the Standstill Period, the Senior Creditor: (i) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all of the Property; or (ii) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to Applicable Laws or Creditor Proceedings (including pursuant to any order made in connection therewith).

- (b) Notwithstanding Section 6.2(a), the Subordinated Creditor may at any time:
- (i) accelerate the Subordinated Obligations in accordance with the Subordinated Documents;
  - (ii) file any proof of claim with respect to the Subordinated Obligations in a Creditor Proceeding;

- (iii) take any action in order to create, perfect, preserve or protect the Subordinated Security against the Property;
- (iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Subordinated Creditor, including any claims secured by the Property, if any;
- (v) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of Free Rein arising under any Insolvency Law or other Applicable Law, so long as (i) no Restricted Rights are commenced or exercised and (ii) no action or proceeding for enforcement, realization, foreclosure, collection, seizure, garnishment or execution (in any case in respect of the Property and, for certainty, whether as a secured or an unsecured creditor) is instituted or commenced;
- (vi) exercise any of their rights or remedies with respect to the Property (including the Restricted Rights) after the termination of the Standstill Period to the extent permitted by Section 6.2(a); and
- (vii) vote on any proposal under any Insolvency Laws or a plan of compromise, arrangement or reorganization in a manner consistent with and to the extent not prohibited by the terms of this Agreement, with respect to the Subordinated Obligations and the Property,

in each case, to the extent, but only to the extent, that any of the foregoing:

- (A) is in compliance with, is not inconsistent with and does not contravene, the other provisions of this Agreement, other than Section 6.2(a) as applicable; and
- (B) is not adverse to, or does not adversely affect, the Senior Documents or any security interests, rights, interests or benefits arising in favour of the Senior Creditor thereunder or the priority thereof or the rights of the Senior Creditor under this Agreement.

### **6.3 Restriction on Subrogation**

The Subordinated Creditor shall not exercise any rights which it may acquire by way of subrogation or contribution under this Agreement as a result of any payment made hereunder or otherwise until this Agreement has ceased to be effective in accordance with Section 8.1(a); provided that if any amount is paid to the Subordinated Creditor on account of such subrogation or contribution rights at any time before this Agreement has ceased to be effective in accordance with Section 8.1(a), such amount shall be held in trust by the Subordinated Creditor for the benefit of the Senior Creditor and shall be forthwith paid to the Senior Creditor.

### **6.4 Marshalling**

The Subordinated Creditor, for itself and its successors and assigns, hereby expressly waives any right that it otherwise might have to require Senior Creditor to marshal Free Rein's Property, to resort to the Property of Free Rein in any particular order or manner, whether provided for by common law or statute, or to enforce any Lien given by Free Rein as a condition precedent or concurrent to the exercise of any of its remedies.

## **6.5 Agreement Not to Challenge Etc.**

The Subordinated Creditor shall not at any time challenge, dispute or contest the validity or enforceability of the Senior Obligations or the Senior Documents, and the Senior Creditor shall not at any time challenge, dispute or contest the validity or enforceability of the Subordinated Obligations or the Subordinated Documents. Further, neither the Subordinated Creditor nor the Senior Creditor shall at any time challenge, dispute or contest the validity or enforceability of the subordinations or postponements provided for herein or take any action whereby the subordinations or postponement contemplated hereby may be prejudiced. Neither the Subordinated Creditor or the Senior Creditor shall not at any time take any action that could diminish, impair or prejudice the subordination, postponement and priorities contemplated in this Agreement and each of them hereby waive such rights to take any such actions. In addition to and without limiting the foregoing, each of the Subordinated Creditor and the Senior Creditor covenant that it shall act in a manner consistent with and so as to give effect to the terms and conditions of this Agreement including, with respect to the filing of any proof of claim in the bankruptcy, insolvency or liquidation of Free Rein and with respect to any proposal, arrangement, plan of arrangement or reorganization under or with respect to a creditor proceeding and, for certainty, the Subordinated Creditor shall not approve any such proposal, arrangement, plan of arrangement or reorganization (unless this provision has been specifically waived in writing by the Senior Creditor) if the effect thereof would be to have any payments or distributions be made to and be retained by the Subordinated Creditor when the Senior Obligations are not to be indefeasibly paid and satisfied in full and in cash pursuant thereto.

## **6.6 Filings and Consents**

Upon the request of the Senior Creditor, the Subordinated Creditor agrees to file or to consent to the Senior Creditor filing such notices and other documents at any registries and offices as may be necessary or desirable to reflect the subordination and postponement of the Subordinated Obligations contemplated by this Agreement and upon failure of the Subordinated Creditor so to do, the Senior Creditor shall be deemed to be irrevocably appointed the Senior Creditor and attorney-in-fact of the Subordinated Creditor for such purposes.

## **ARTICLE 7**

### **NOTICE BY SUBORDINATED CREDITOR AND FREE REIN**

#### **7.1 Particulars of Subordinated Obligations**

From time to time upon reasonable written request from the Senior Creditor, the Subordinated Creditor, or Free Rein, on its behalf, shall notify the Senior Creditor in writing of the particulars as to payments made in respect of the Subordinated Obligations and the performance of the obligations of Free Rein under the Subordinated Documents.

#### **7.2 Notices to Creditors**

- (a) The Subordinated Creditor and Free Rein shall use commercially reasonable efforts to promptly provide written notice to the Senior Creditor of any default or event of default under the Subordinated Documents or of any other event or circumstance which entitles (or would with the passing of time or giving of notice entitle) the Subordinated Creditor to enforce any rights or remedies against Free Rein under the Subordinated Documents, together in each case with reasonable particulars thereof.
- (b) Free Rein and the Senior Creditor (or Free Rein on its behalf) shall use commercially reasonable efforts to promptly provide written notice to the Subordinated Creditor of any Event of Default or of any other event or circumstance which entitles (or would with the passing of time or giving of notice entitle) the Senior Creditor to enforce any rights or remedies against Free Rein under the Senior Documents, together in each case with reasonable particulars thereof.

- (c) For certainty, it is understood that neither the Senior Creditor nor the Subordinated Creditor shall incur any liability for any failure to give such notice.

## **ARTICLE 8 CONTINUING SUBORDINATION**

### **8.1 Continuing Subordination**

This Agreement shall create a continuing subordination and shall:

- (a) remain in full force and effect until the Senior Creditor shall have received indefeasible payment in full of the Senior Obligations, and the Senior Loan Agreement and the other Senior Documents have been terminated or otherwise satisfied;
- (b) be binding upon the Subordinated Creditor, Free Rein and each of their respective successors and assigns; and
- (c) enure, together with the rights and remedies of the Senior Creditor hereunder, to the benefit of and be enforceable by the Senior Creditor and their respective successors and assigns.

### **8.2 Reinstatement**

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment or performance of the Senior Obligations is rescinded, reversed, nullified, rendered void or voidable or must otherwise be restored, refunded, returned or unwound for any reason, all as though such payment had not been made or such performance had not occurred.

### **8.3 Acknowledgement of Documentation**

The Subordinated Creditor hereby acknowledges that it has received a copy of the terms of the Senior Documents. Free Rein and the Subordinated Creditor hereby waives any entitlement it may have to receive copies of any amendments, modifications or supplements to or renewals or restatements of any of the aforementioned documents and of any other documents, instruments or agreements which are executed in the future pursuant to which Senior Obligations may arise. The Senior Creditor shall have no obligation to ensure such receipt and any such failure to receive such receipt shall in no way affect the absolute and unconditional nature of the obligations of the Subordinated Creditor hereunder in respect of the Senior Obligations thereby created or arising.

### **8.4 Payment of Senior Obligations**

For purposes of this Agreement, the Senior Obligations shall be considered to be paid in full when the aggregate of the cash payments and the fair market value of non-cash payments, as determined by the Senior Creditor in its discretion, received by the Senior Creditor are equal to the Senior Obligations and the Senior Documents have been terminated and discharged in accordance with their terms; provided, however, that if at the time of a proposed payment or distribution to the Subordinated Creditor, any trustee, receiver or other third party has made a claim of fraudulent preference or any other similar claim, the Senior Creditor may require that an amount equal to such claim, together with the Senior Creditor's anticipated reasonable costs and expenses relating thereto, be held back from any distribution or payment to the Subordinated Creditor.

### **8.5 Other Rights Not Affected**

The postponements and subordinations provided for in this Agreement are in addition to and not in substitution for or in limitation of any other agreement, right, Lien or other security by whomsoever given or at any time held by or for the benefit of the Senior Creditor, or any of them, in respect of the

Senior Obligations, including, without limitation, the liabilities and obligations of Free Rein under the Senior Documents. Nothing in this Agreement shall limit or prejudice any of the contractual, common law or other rights of the Senior Creditor or the contractual, common law or other priority of the Senior Obligations insofar as such rights or priority arises or exists outside of this Agreement, including the rights and remedies under or in respect of the Senior Documents and the Senior Obligations.

## **ARTICLE 9 MISCELLANEOUS**

### **9.1 Accounts**

The accounts and records of the Senior Creditor shall constitute, in the absence of manifest error, *prima facie* evidence of the Senior Obligations.

### **9.2 Amendments and Waivers**

- (a) No provision of this Agreement may be amended, waived, discharged or terminated orally nor may any breach of any of the provisions of this Agreement be waived or discharged orally, and any such amendment, waiver, discharge or termination may only be made in writing signed by the Senior Creditor and the Subordinated Creditor.
- (b) No failure on the part of the Senior Creditor to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof unless specifically waived in writing, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- (c) Any waiver of any provision of this Agreement or consent to any departure by any party therefrom shall be effective only in the specific instance and for the specific purpose for which given and shall not in any way be or be construed as a waiver of any future requirement.

### **9.3 Assignment**

The Subordinated Creditor and Free Rein acknowledge and agree that any assignment, sale, grant of participation or other transfer (in whole or in part) by the Senior Creditor of its rights in respect of the Senior Obligations (which is effected in accordance with the Senior Loan Agreement) shall automatically and without further instrument or agreement transfer its rights and benefits under this Agreement to the extent required, and that the Senior Creditor shall have the right to assign, sell, participate or otherwise transfer all or any portion of their rights and benefits under this Agreement without the consent of the Subordinated Creditor or Free Rein, provided such assignment, sale, participation or other transfer is effected in accordance with the Senior Loan Agreement. Without limitation to the foregoing, this Agreement shall be binding upon the respective successors of the Subordinated Creditor and Free Rein.

### **9.4 Free Rein Not to Participate in Violation**

Free Rein hereby acknowledges the subordination and postponement of the Subordinated Obligations to the Senior Obligations herein provided, and agrees that it shall not participate in any violation of this Agreement.

### **9.5 No Partnership**

Nothing contained in this Agreement and no action taken by the Subordinated Creditor or Free Rein pursuant hereto is intended to constitute or shall be deemed to constitute the Senior Creditor, the Subordinated Creditor or Free Rein as a partnership, joint venture or other similar type of association.



**9.6 Further Assurances**

The Subordinated Creditor shall, at the request of the Senior Creditor but at the expense of Free Rein, do all such further acts and things and execute and deliver all such further documents as the Senior Creditor may reasonably require in order to fully perform and carry out the terms of this Agreement.

**9.7 Notice**

All notices, advices, requests and demands hereunder shall be in writing (including facsimile or other electronic transmissions) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic transmission to the addresses or numbers specified below:

(a) If to the Senior Creditor:

Invico Capital Corporation.  
Suite 600, 209-8<sup>th</sup> Avenue SW  
Calgary, AB T2P 1B8

Attention: Chris Wutzke  
Email: cwutzke@invicocapital.com

(b) If to the Subordinated Creditor:

Tartan Energy Group Inc., and its Canadian  
affiliated nominee, Tartan Energy Tech (Shanghai) Ltd.  
Suite 1520, 101-6<sup>th</sup> Ave SW  
Calgary, AB T2P 3P4

Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

(c) If to Free Rein:

Free Rein Resources Ltd.  
Suite 3900, 350-7<sup>th</sup> Ave SW  
Calgary, AB T2P 3N9

Attention: Terry McCallum  
Facsimile: \_\_\_\_\_

Email: Terry@freereinres.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile or electronic transmission shall be deemed to have been given when sent (except that, if not given on a business day on which the recipient is open for business between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next business day for the recipient). Any party hereto may change its address, facsimile number or email address for notices and other communications hereunder by notice to the other parties hereto.

**9.8 Severability**

If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Agreement.

**9.9 Governing Law**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The parties irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, without prejudice to the rights of the Senior Creditor to take proceedings in any other jurisdiction.

**9.10 Time of the Essence**

Time shall be of the essence in this Agreement.

**9.11 Entire Agreement**

This Agreement contains the entire agreement between the parties with respect to the matters herein contained and there are no other representations, warranties, covenants or collateral agreements between any of the parties in connection therewith other than as expressly herein provided.

**9.12 Conflict**

In the event of any conflict, ambiguity or inconsistency between the terms of this Agreement and the Senior Documents or the Subordinated Documents, the terms of this Agreement shall prevail to the extent necessary to resolve the conflict, ambiguity or inconsistency

**9.13 Counterpart Execution**

This Agreement may be executed in several counterparts (including by electronic PDF and facsimile), each of which when so executed shall be deemed to be an original and all such counterparts together shall constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have executed this Postponement, Subordination and Standstill Agreement as of the date first above written.

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP, BY ITS GENERAL  
PARTNER, INVICO DIVERSIFIED INCOME  
MANAGING GP INC.**

Per:   
Name: Jason Brooks  
Title: President

Per:   
Name: Allison Taylor  
Title: CEO

**TARTAN ENERGY TECH (SHANGHAI) LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**TARTAN ENERGY GROUP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF the parties hereto have executed this Postponement, Subordination and Standstill Agreement as of the date first above written.

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP, BY ITS GENERAL  
PARTNER, INVICO DIVERSIFIED INCOME  
MANAGING GP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**TARTAN ENERGY TECH (SHANGHAI) LTD.**

Per: Will Yu  
Name: Yu Wu  
Title: VP

Per: \_\_\_\_\_  
Name:  
Title:

**TARTAN ENERGY GROUP INC.**

Per: Terry Lau  
Name: Terry Lau  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:

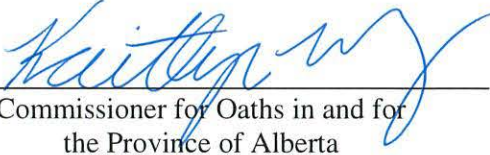
**FREE REIN RESOURCES LTD.**

Per: Terry McCallum  
Name: Terry McCallum  
Title: CEO

Per: Natalie Heffernan  
Name: Natalie Heffernan  
Title: VP Land & Business  
Development

THIS IS **EXHIBIT "D"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

September 19, 2022

TO : Invico Diversified Income Limited Partnership AND Free Rein Resources Ltd.

Dear Sirs/Mesdames:

RE: No Interest Letter – Free Rein Resources Ltd. (the “Debtor”)

For valuable consideration, ATB Financial formerly known as Alberta Treasury Branches (“ATB”) acknowledges and agrees as follows:

1. ATB has taken a security interest in all of the present and after-acquired personal property of the Debtor (the "Assets") and is the secured party named in the Security Agreement registered against the Debtor under the Personal Property Security Act (Alberta), as Registration No.19051327522 (as amended), registered on or about 2019-May-13 (the "Security").
2. The Debtor currently has a \$25,000 MasterCard facility with ATB secured by cash collateral of the Debtor held with ATB in an amount not exceeding \$25,000 (the "Cash Collateral").
3. ATB hereby: (i) confirms that it has no continuing interest in the Assets or any part thereof, other than the Cash Collateral, and (ii) releases any right, title or interest that ATB may have in the Assets, other than the Cash Collateral.
4. ATB acknowledges that the Security as not been assigned and that the addressees above will be relying on this letter. This letter may be executed and delivered by electronic means and may be relied upon by the addressees as though it were an original hand-written signature.

Regards



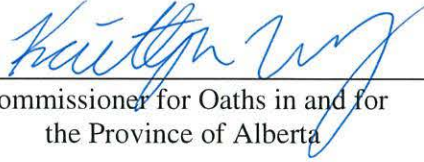
Angela Higginson  
Relationship Manager, ATB Business

Email: ahigginson@atb.com | Mobile: 403-998-3390



THIS IS **EXHIBIT "E"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388



## FREE REIN RESOURCES LTD.

### FIXED AND FLOATING CHARGE DEMAND DEBENTURE

WHEREAS this fixed and floating charge demand debenture dated as of September 21, 2022 is made by Free Rein Resources Ltd. (the “**Debtor**”), a corporation subsisting under the laws of the Province of Alberta, in favour of Invico Diversified Income Limited Partnership, by its general partner, Invico Diversified Income Managing GP Inc. (the “**Lender**”), in connection with the Loan Agreement (as such term is hereinafter defined);

NOW THEREFORE, the Debtor covenants and agrees with the Lender as follows:

#### **ARTICLE 1** **INTERPRETATION**

##### **1.1 Definitions**

In this Debenture, terms and expressions defined in the description of the parties, the text hereof and in Schedule “A” attached hereto shall have those meanings when used herein and, unless otherwise defined herein, terms and expressions defined in the Loan Agreement shall, when used herein, have the same meanings as are ascribed to them therein.

##### **1.2 Schedules**

The following schedules are incorporated herein and made a part hereof:

Schedule “A”	Definitions
Schedule “B”	List of PNG Assets

Any reference to a Schedule to this Debenture includes, unless the context otherwise requires, such Schedule as the same is supplemented, amended, restated or replaced from time to time whether by one or more indentures supplemental hereto or otherwise.

#### **ARTICLE 2** **PRINCIPAL AND INTEREST**

##### **2.1 Promise to Pay**

The Debtor, for value received, hereby acknowledges itself indebted and promises to pay to or to the order of the Lender, on demand or on such earlier date as the principal sum hereof may become payable as provided herein, the principal amount of Twenty Million Dollars (\$20,000,000.00) (the “**Principal Sum**”) and to pay interest on such Principal Sum or so much thereof as remains from time to time outstanding at the rate equal to 25% per annum from the date hereof until full and final payment and discharge hereof, as well after as before demand, default and judgment in like money at the same place and, to the extent permitted by Applicable Law, to pay interest on overdue and unpaid interest at the same rate as aforesaid. It is agreed by the Debtor that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Lender's right to interest at the rate and times aforesaid. All payments of principal, interest and other monies due under this Debenture shall be paid in immediately available funds to the Lender at such place

as the Lender may designate in writing from time to time. Interest accruing due hereunder shall be calculated daily in accordance with the "nominal rate" method of interest calculation on the basis of a 365 or 366 day year (as the case may be) and shall be due and payable in arrears on the last Business Day of each calendar month. Any amount of interest not paid when due (including overdue and unpaid interest) shall bear interest at the rate aforesaid, be calculated daily and compounded on the last Business Day of each calendar month, and shall be paid without the necessity for any demand being made, but if demand is made, on demand. The theory of deemed reinvestment shall not apply to the calculation of interest or the payment of other amounts hereunder.

### **ARTICLE 3** **SECURITY**

#### **3.1 Security**

As security for payment of the Principal Sum and interest thereon, and all other Obligations from time to time payable hereunder, the Debtor hereby:

- (a) mortgages and charges (subject to the exceptions as to leaseholds hereinafter contained) as and by way of a first fixed and specific mortgage and charge to and in favour of the Lender, and grants to the Lender a security interest in, all of its present and after acquired real and immovable property (including, by way of sublease, leasehold lands) and all of its present and after acquired PNG Assets, buildings, erections, improvements, fixtures and plant (whether the same form part of the realty or not) and all appurtenances to any of the foregoing, including the PNG Assets described in Schedule "B"; "real and immovable property" shall include any interest in or right with respect to real and immovable property;
- (b) mortgages and charges to the Lender as and by way of a first fixed and specific mortgage and charge, and grants to the Lender a security interest in, all its present and after acquired equipment, including all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired;
- (c) mortgages and charges to the Lender, and grants to the Lender a security interest in, all its present and after acquired Hydrocarbons and inventory, including all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;
- (d) assigns, transfers and sets over to the Lender, and grants to the Lender a security interest in, all its present and after acquired intangibles, including all its present and after acquired book debts, accounts and other amounts receivable, contract rights and choses in action of every kind or nature and insurance rights arising from or out of the property referred to in subsections (a), (b) or (c) above, goodwill, chattel paper, instruments, documents of title, money and investment property;
- (e) charges in favour of the Lender as and by way of a floating charge, and grants to the Lender a security interest in, its business and undertaking and all its present and after acquired real and personal property and assets, tangible and intangible, legal and equitable, moveable or immovable, of whatsoever nature and kind; and

- (f) assigns, mortgages and charges in favour of the Lender, and grants to the Lender a security interest in, the proceeds arising from any dealing with the assets referred to in this Section 3.1 in the form of any of the following: goods, investment property, instruments, documents of title, chattel paper, intangibles or money.

For the purposes of this Debenture, the present and after acquired real and personal property, assets and undertaking of the Debtor referred to in this Section 3.1 and subject to the Charge is hereinafter collectively called the “**Collateral**”.

TO HAVE AND TO HOLD the Collateral and the Charge and all rights hereby conferred unto the Lender, subject to the terms and conditions herein set forth.

### **3.2 Attachment**

The Debtor acknowledges that the Debtor and the Lender intend the Charge in the Collateral to attach immediately upon the execution of this Debenture, except in the case of Collateral in which the Debtor subsequently acquires rights, in which case the Charge shall attach contemporaneously with the Debtor acquiring rights therein without the need for any further or other deed, act or consideration. The Charge shall be effective and shall attach as of the date of execution hereof whether the monies hereby secured or any part thereof shall become owing by the Debtor before or after or upon the date of execution of this Debenture. The Debtor acknowledges conclusively that value has been given.

### **3.3 Leases**

The last day of any term reserved by any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby excepted out of the Charge and does not and shall not form part of the Collateral, but the Debtor shall stand possessed of the reversion remaining in the Debtor of any leasehold premises for the time being demised as aforesaid upon trust to assign and dispose thereof as the Lender shall direct and upon any sale of the leasehold premises, or any part thereof, the Lender, for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons as trustee or trustees of the aforesaid reversion of any such term or any renewal thereof in the place of the Debtor and to vest same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation respecting same.

### **3.4 Contractual Rights**

In the event the validity and effectiveness of the Charge over any of the Collateral is dependent upon obtaining the consent, approval or waiver of another person, the Charge over any such Collateral shall not be effective until the applicable consent, approval or waiver is obtained or is no longer necessary for the purposes of the validity and effectiveness of the Charge, whereupon the Charge shall immediately become effective over any such Collateral. Until such consent, approval or waiver is obtained, or the same is no longer necessary, the Debtor shall (subject to the other terms hereof) stand possessed of such Collateral upon trust (to the extent permitted by Applicable Law) to assign the same to the Lender, or otherwise subject the same to the Charge, as the Lender shall direct, forthwith upon obtaining such consent, waiver or approval or upon the same no longer being necessary.

### 3.5 Permitted Activities

Except for the sale of equipment and inventory in the ordinary course of business and for the purpose of carrying on same, and other Permitted Dispositions and Permitted Liens, the Debtor shall not be entitled to sell, alienate, lease, assign, dispose of or otherwise deal with the Collateral, except with the prior consent of the Lender, which consent shall not be unreasonably withheld. Until the Lender otherwise advises the Debtor in writing after the occurrence and during the continuance of an Event of Default, the Debtor shall be entitled to collect and use in the ordinary course of its business all book debts, accounts and other amounts receivable and exercise all of its contractual rights, including the variation of those rights and to deal with and spend its money, investment and securities. Notwithstanding the provisions of Section 3.1 hereof or the preceding provisions of this Section 3.5, unless and until the Lender shall have become entitled to, and shall have elected to, exercise any of the rights, powers and remedies available to it under Article 4 hereof, or any right of realization in respect of the Collateral which may otherwise be available to it under or in respect of this Debenture, the Debtor shall be permitted in respect of the Collateral to:

- (a) continue to retain possession of the Collateral and to operate, manage, develop, use and enjoy the same in accordance with and subject to the provisions of this Debenture and all Applicable Law;
- (b) sell or enter into agreements to sell any of the Hydrocarbons forming part of the Collateral to the extent from time to time not prohibited pursuant to any agreement between the Debtor and the Lender;
- (c) abandon any well which in the Debtor's reasonable opinion has ceased to be capable of producing Hydrocarbons in paying quantities, and which in the Debtor's reasonable opinion does not have any other valuable use in connection with operations relating to such Collateral;
- (d) commingle Hydrocarbons forming part of the Collateral with other Hydrocarbons for purposes of gathering, treating, storing, compressing or transporting the same, provided that such commingling is in keeping with good industry practice;
- (e) sell, trade, abandon or otherwise dispose of any tools, implements, appliances, equipment, machinery, facilities or like items which, in the reasonable opinion of the Debtor, may have become worn out, unserviceable, obsolete, unsuitable or unnecessary in operations or activities relating to the Collateral, provided that such sale, trade, abandonment or other disposition is in keeping with good industry practice and all Applicable Law; and
- (f) create or suffer to exist Permitted Liens;

provided, however, that the provisions of this Section 3.5 shall not be construed as derogating in any manner from the Charge.

**ARTICLE 4**  
**DEMAND AND REMEDIES**

**4.1 Demand**

All of the Principal Sum hereof, accrued and unpaid interest thereon and all other Obligations shall automatically become due and payable immediately upon demand by the Lender following the occurrence of an Event of Default which is continuing, and the Debtor shall pay to the Lender upon such demand all amounts owing or payable in respect of the Obligations. Without restricting anything herein contained, it is the intent and purpose hereof that the Obligations shall become payable and be paid on such demand and the Charge shall thereby become enforceable without any requirement of time (whether to negotiate credit or raise financing in any way or otherwise howsoever) or further notice of any kind, all of which are expressly waived by the Debtor.

**4.2 Remedies - General**

Upon the occurrence and during the continuance of an Event of Default, the Lender may in its absolute discretion, but in accordance with Applicable Law:

- (a) exercise such rights and remedies as are provided under Applicable Law against the Debtor or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all the Obligations;
- (b) either with or without notice, enter into and upon and take possession of all or any part of the Collateral with full power to exclude the Debtor and additionally shall have full power and authority:
  - (i) to carry on, manage and conduct the business operations of the Debtor respecting such Collateral and the power to borrow money in its own name or advance its own money for the purpose of such business operations, the maintenance and preservation of such Collateral or any part thereof and the making of such replacements thereof and additions thereto as it shall deem desirable and the payment of taxes, wages and other charges ranking in priority to the Charge; and
  - (ii) to receive the revenues, incomes, issues and profits of such Collateral and to pay therefrom the costs, charges and expenses of the Lender in carrying on the said business operations or otherwise, and all taxes, assessments and other charges against such Collateral ranking in priority to the Charge, the payment of which may be necessary to preserve such Collateral, and to apply the remainder of the monies so received in the same manner as if the same arose from a sale or realization of such Collateral;
- (c) either after entry as aforesaid or after other entries, or without any entry, sell or dispose of the Collateral, either as a whole or in separate parcels, by private contract, at public auction, by public tender, by lease or by deferred payment arrangement with such notice, advertisement or other formality as may be required by law;
- (d) make any such sale or disposition of the Collateral either for cash or upon credit and upon such reasonable conditions as to upset or reserve bid or price and terms of

payment as it may deem proper; to rescind or vary any contract or sale that may have been entered into and re-sell with or under any of the powers conferred herein; to adjourn such sale from time to time; and to execute and deliver to the purchaser or purchasers of the Collateral or any part thereof, good and sufficient deed or deeds for the same, and any such sale or disposition made as aforesaid shall be a perpetual bar at law and in equity against the Debtor and all other persons claiming the Collateral or any part or parcel thereof, by, from, through, or under the Debtor. The Lender may become purchaser at any sale of the Collateral or any part thereof;

- (e) with or without entry or sale as aforesaid, in its discretion, proceed to protect and enforce its rights under this Debenture by sale under judgment order in any judicial proceeding or by foreclosure or a suit or suits in equity or at law or otherwise whether for the specific performance of any covenant or agreement contained in this Debenture or in aid of the execution of any power granted in this Debenture or in aid of the execution of this Debenture or for the filing of such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding, or for the enforcement of any other legal or equitable remedy as the Lender shall deem most effective to protect and enforce any of the rights or duties of the Lender; or
- (f) in lieu of appointing a Receiver as provided in Section 4.6, apply to any court of competent jurisdiction for the appointment of a Receiver, with such powers as the court making such appointment shall confer.

#### **4.3 Possession**

The Debtor shall on demand by the Lender or any Receiver, following the occurrence of an Event of Default which is continuing, yield up possession of the Collateral or any part thereof as demanded by the Lender or Receiver whenever the Lender or Receiver shall have a right to exercise any rights or remedies under Section 4.2, and put no obstacle in the way of, but facilitate by all legal means, the actions of the Lender or Receiver and not interfere with the carrying out of the powers hereby granted to the Lender or any Receiver.

#### **4.4 Judgment**

The Debtor covenants and agrees with the Lender that, in the case of any judicial or other proceeding to enforce the Charge or any part thereof, judgment may be rendered against the Debtor in favour of the Lender for any amount remaining due under this Debenture or for which the Debtor may be liable hereunder, after the application to the payment thereof of the proceeds of any sale of the Collateral or any part thereof. The covenant of the Debtor to pay interest at the rate provided in this Debenture shall not merge in any such judgment and such judgment shall bear interest at the rate set forth in this Debenture until such judgment and all interest thereon has been paid in full.

#### **4.5 Account Debtors**

- (a) All persons producing, purchasing, taking, processing or receiving any Hydrocarbons produced by or for or allocable to the Debtor, having in their possession any such Hydrocarbons or proceeds therefrom, being a debtor on an intangible or chattel paper, an obligor on an instrument or any other person being obligated to pay any account

receivable or other debt due, owing or accruing due to the Debtor (including operators or managers under any operating agreement, management agreement, lease, or otherwise) are entitled at all times, after the occurrence of an Event of Default which is continuing, to treat and regard the Lender as the assignee and transferee from the Debtor, entitled in the place and stead of the Debtor to receive such Hydrocarbons, proceeds, accounts, intangibles and other debts. Upon the occurrence of an Event of Default which is continuing, the Lender may give notice to all or any of such persons of the Charge and to remit all such Hydrocarbons, proceeds, accounts and other debts directly to the Lender, whether or not the Debtor was making collections on such Collateral prior to notification by the Lender; and all such persons shall be fully protected in so treating and regarding the Lender and shall be under no obligation to see to the application in any particular manner by the Lender of any such Hydrocarbons, proceeds, accounts and other debts received by it.

- (b) Any money collected or received by the Lender pursuant to paragraph (a) above shall be applied on account of the Obligations at the Lender's sole and unfettered discretion. The Lender shall not be liable or accountable for its failure to collect, realize, sell or obtain payment of accounts, chattel paper, instruments, intangibles, choses in action or rights to payment or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any right to payment of the Lender, the Debtor or any other person in respect thereof.
- (c) All money collected or received by the Debtor in respect of accounts, chattel paper, instruments, documents of title, intangibles, choses in action, rights to payment or the proceeds of any sale of Hydrocarbons or other interests of the Debtor described herein shall, after the occurrence and during the continuance of an Event of Default, be held by the Debtor in trust for the absolute use and benefit of the Lender and shall be paid or delivered over to the Lender upon demand in the identical form received and until demand shall be held by the Debtor separate and apart from any funds belonging to the Debtor or any other funds over which it has possession or control.

#### **4.6 Receiver**

Upon the occurrence and during the continuance of an Event of Default, the Lender may in its discretion appoint a Receiver of the Collateral or any part thereof and upon any such appointment by the Lender the following provisions shall apply:

- (a) such appointment shall be made in writing signed by the Lender and such writing shall be conclusive evidence for all purposes of such appointment; the Lender may from time to time in the same manner remove any Receiver so appointed and appoint another in its stead; in making any such appointment the Lender shall be deemed to be acting as the attorney for the Debtor and the Debtor hereby consents to the appointment of a Receiver;
- (b) any such appointment may be limited to any part or parts of the Collateral or may extend to the whole thereof;
- (c) every Receiver may, in the discretion of the Lender, be vested with all or any of the powers, rights, benefits, discretions, protection and relief of the Lender hereunder and



shall be vested with all of the powers and protections afforded to a Receiver under Applicable Law;

- (d) the Lender may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof, in priority to the other Obligations, out of the Collateral, the income therefrom or the proceeds thereof;
- (e) the Lender may from time to time require any Receiver to give security for the performance of its duties and may fix the nature and amount thereof, but the Lender shall not be bound to require such security;
- (f) every such Receiver may, with the consent in writing of the Lender, borrow money for the purpose of carrying on the business of the Debtor in respect of any part of the Collateral or for the maintenance, protection or preservation of the Collateral or any part thereof, and any Receiver may issue certificates ("**Receiver's Certificates**"), for such sums as will in the opinion of the Lender be sufficient for carrying out the foregoing, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Lender may consider expedient, and shall bear such interest as shall therein be declared and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Lender may consider advisable and may pay such commission on the sale thereof as the Lender may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Lender form a charge upon the Collateral in priority to this Debenture;
- (g) every Receiver shall, regarding its acts or omissions, be deemed the agent of the Debtor and in no event the agent of the Lender, and the Lender shall not, in making or consenting to such appointment, incur any liability to any Receiver for its remuneration or otherwise howsoever;
- (h) except as may be otherwise directed by the Lender, all monies from time to time received by any Receiver shall be paid over to the Lender at the place where this Debenture is payable; and
- (i) the Lender may pay over to any Receiver any monies constituting part of the Collateral to the extent that the same may be applied for the purposes hereof by such Receiver and the Lender may from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of its duties as such Receiver.

#### **4.7 Remedies Not Exclusive**

No right, power or remedy herein conferred upon or reserved to the Lender or any Receiver is intended to be exclusive of any other right, power or remedy or remedies, and each and every right, power and remedy shall, to the extent permitted by Applicable Law, be cumulative and shall be in addition to every other right, power or remedy given hereunder or now or hereafter existing at law, in equity or by statute. The Lender shall have the power to waive any default, provided no such waiver shall be effective unless made in writing and shall not constitute a waiver of any other or subsequent default. No delay or omission of the Lender in the exercise of any right, power or remedy accruing upon any default shall impair any such right, power or remedy or shall be construed to be a waiver of any such default or an acquiescence therein. Every right, power and remedy given to the Lender or to a Receiver by this



Debenture or under Applicable Law may be exercised from time to time and as often as may be deemed expedient by the Lender or such Receiver, as applicable. In case the Lender shall have proceeded to enforce any right under this Debenture and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Lender, then and in every such case the Debtor and the Lender shall, without any further action hereunder, to the full extent permitted by Applicable Law, subject to any determination in such proceedings, severally and respectively, be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Lender shall continue as though no such proceeding had been taken.

#### **4.8 Application of Proceeds**

Except as herein otherwise expressly provided, the monies arising from any enforcement in whole or in part of the Charge, or from any sale or realization of the whole or any part of the Collateral, whether under sale by the Lender or by judicial process or otherwise, and all incomes, rents and profits of the Collateral, together with any other monies then in the hands of the Lender or any Receiver available for such purpose, shall at the option of the Lender be held by the Lender as security for the Obligations or be applied by the Lender on account of the Obligations in accordance with the Loan Agreement.

#### **4.9 Power of Attorney**

The Debtor hereby irrevocably constitutes and appoints the Lender or any Receiver appointed by the Lender its true and lawful attorney and agent, with full power and authority in the Debtor's name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Lender considers necessary or desirable, to do all things which the Debtor is required to sign, execute and do hereunder if the Debtor has failed to sign, execute or do the same and generally to use the name of the Debtor, as applicable, in the exercise of all or any of the powers hereby conferred on the Lender, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Lender until an Event of Default shall have occurred and is continuing. Such appointment and power of attorney shall take effect if the Charge has become enforceable.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES**

#### **5.1 Representations and Warranties**

The Debtor agrees, represents and warrants to and with the Lender that the list of the PNG Assets and other specific property referred to in Schedule "B" attached hereto is a complete list of all material PNG Assets of the Debtor.

### **ARTICLE 6 LIABILITIES, WAIVERS AND EXPENSES**

#### **6.1 Limitation of Liability**

Except in the case of gross negligence or wilful misconduct, neither the Lender nor any Receiver shall (i) be responsible or liable for any debts contracted by it, for damages to persons or property, for salaries or for non-fulfillment of contracts during any period when the Lender or any Receiver shall

manage or be in possession of the Collateral; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor; or (iv) in the case of any chattel paper, investment property, instrument or any other intangible, be obligated to preserve rights against any other persons. The Debtor hereby waives any provision of law permitted to be waived by it which imposes higher or greater obligations upon the Lender or any Receiver than aforesaid.

## **6.2 Mandatory Provisions of Applicable Law**

Subject to Section 6.3, all rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of Applicable Law and all the provisions of this Debenture are intended to be subject to all mandatory provisions of Applicable Law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Debenture invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of Applicable Law. Subject to Section 6.3, if any mandatory provision of Applicable Law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the Collateral or any part thereof, then, to that extent, such laws shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the Collateral required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of Applicable Law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Debenture.

## **6.3 Waivers of Law**

- (a) To the extent not prohibited by Applicable Law, the Debtor hereby waives its rights under all provisions of Applicable Law that would in any manner limit, restrict or otherwise affect the Lender's rights and remedies hereunder or impose any additional obligations on the Lender. The Debtor waives the right to receive any amount which it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty or otherwise) by reason of the failure of the Lender to deliver to the Debtor a copy of any financing statement or any verification statement issued by any registry that confirms registration of a financing statement relating to this Debenture and the Debtor waives its right to receive a copy of such financing or verification statements.
- (b) The Debtor hereby authorizes the Lender to provide information to any person who requests information under section 18 of the PPSA or similar legislation and the Lender will not be required to investigate whether or not the inquiring person is in fact a person entitled to request information pursuant to section 18 of the PPSA or similar legislation.
- (c) To the fullest extent that it may lawfully do so, the Debtor hereby:
  - (i) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, discussion and division, the marshalling of assets or any other matter whatsoever, to defeat, reduce or affect the rights of

the Lender under the terms of this Debenture to a sale of the Collateral or any part thereof or for the collection of all amounts secured hereby; and

- (ii) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Collateral or any part thereof after the sale hereunder to any person whether such sale is by the Lender, any Receiver or otherwise, notwithstanding, that the Lender may have purchased the same.
- (d) The right of consolidation shall apply to this Debenture notwithstanding Section 31 of the *Property Law Act* (British Columbia) or any similar statutory provision in force from time to time.

#### **6.4 Non-Application of Saskatchewan Laws**

The Debtor covenants and agrees with the Lender that:

- (a) the *Land Contracts (Actions) Act* (Saskatchewan) shall have no application to any action as in such Act defined, with respect to any mortgage, charge or security interest given by the Debtor under this Debenture; and
- (b) the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
  - (i) this Debenture;
  - (ii) any indenture, instrument or agreement entered into by the Debtor at any time hereafter, supplemental or ancillary to or in implementation of this Debenture and involving the payment by the Debtor of money, or the liability of the Debtor to payment;
  - (iii) any mortgage, charge or other security interest for the payment of money made, given or created by this Debenture or by any indenture, instrument or agreement referred to or mentioned in clause (ii) above;
  - (iv) any instrument or agreement entered into by the Debtor at any time hereafter renewing or extending or collateral to this Debenture, renewing or extending or collateral to any indenture, instrument or agreement referred to or mentioned in clause (ii) above, or renewing or extending or collateral to any mortgage, charge or other security referred to or mentioned in clause (iii) above; or
  - (v) the rights, powers or remedies of the Lender under this Debenture or any mortgage, charge or other security interest, indenture, instrument or agreement referred to or mentioned in this Section 6.4(b).

#### **6.5 Expenses**

If the Debtor fails to pay any amounts required to be paid by it under this Debenture or to observe or perform any of the covenants and obligations to be observed or performed by it set forth in this Debenture or in any other loan or security document provided by the Debtor to the Lender, the Lender and any Receiver may, but shall be under no obligation to, pay such amounts or do such acts or things as

may be required to ensure such observance and performance, without waiving any of its rights under this Debenture or under such other loan or security document. No such payment, act or thing by the Lender or any Receiver shall relieve the Debtor from any default under this Debenture or any other loan or security document provided by the Debtor to the Lender or the consequences of such default. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable legal fees and expenses on a solicitor and his own client basis) paid by the Lender or any Receiver in respect of the care, custody, preservation, use or operation of the Collateral, shall be deemed advanced to the Debtor by the Lender or such Receiver, shall become part of the Obligations, and shall, from the time they are paid by the Lender or such Receiver until repaid by the Debtor, bear interest at the applicable rate hereunder. In addition, the Debtor shall pay all reasonable expenses (including reasonable legal fees and expenses on a solicitor and his own client basis) incurred by the Lender or any Receiver in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Debenture (including, without limitation, the realization, disposition, retention, protection or collection of the Collateral or any part thereof and the protection and enforcement of the rights of the Lender and any Receiver hereunder together with all remuneration paid to a Receiver and all costs, charges and expenses of or incidental to any receivership) and such expenses shall become part of the Obligations, and shall, from the time they are paid by the Lender or such Receiver until paid by the Debtor, bear interest at the applicable rate hereunder.

## **6.6 Indemnity**

Save and except as may be caused by the gross negligence or wilful misconduct of the indemnified persons referred to below, the Debtor will and does hereby indemnify and save harmless the Lender, every Receiver and each of their respective officers, directors, employees and agents, from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client basis, made against or incurred by the Lender or any Receiver as a result of taking this Debenture; and the Lender and every Receiver shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Debtor all expenses incurred in connection therewith, together with all reasonable legal fees and expenses on a solicitor and his own client basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the payment or release, either partially or wholly, of the Charge or any foreclosure thereof.

## **ARTICLE 7 REGISTRATION AND DISCHARGE**

### **7.1 Further Assurances**

The Debtor hereby covenants and agrees that it will at all times do, execute, file, register, acknowledge and deliver or cause to be done, executed, filed, registered, acknowledged and delivered all such further acts, deeds, mortgages, hypothecs, caveats, transfers, assignments and assurances as the Lender may reasonably require for the better assuring, mortgaging, charging, transferring, assigning, granting, delivering and confirming unto the Lender the Collateral, or any part thereof, and for the better accomplishing and effectuating the purpose of this Debenture including, without limitation, providing to the Lender from time to time an updated Schedule "B" (which the Lender may, without the consent of the Debtor, use to replace the similar Schedule which is then attached hereto without any other or further action by or on behalf of the Debtor) and the execution and delivery of indentures supplemental hereto more particularly describing the Collateral or to update, correct or amplify the description of the Collateral

or to better assure, convey and confirm unto the Lender any of the Collateral. Upon an updated Schedule "B" being provided to the Lender or the execution of any supplemental indenture under this Section, as applicable, this Debenture shall be modified in accordance therewith, and each such replacement Schedule "B" and supplemental indenture shall form part of this Debenture for all purposes.

## **7.2 Registration**

The Lender may at any time and from time to time register or cause to be registered this Debenture (or a caveat or other notice in respect thereof) against title to any or all of the PNG Assets. Upon the request of the Lender, the Debtor will provide to the Lender a list of its PNG Assets containing a sufficient description thereof to permit the Lender to register this Debenture (or a caveat or notice thereof) against title to such PNG Assets. The Debtor shall ensure and will assist the Lender to ensure that this Debenture and all such supplementary and corrective instruments and all additional mortgage and security documents and all documents, caveats, cautions, memorials, security notices and financing statements in respect thereof, are promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner, in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Charge as a first priority mortgage, charge and security interest and the rights conferred or intended to be conferred upon the Lender by the Charge and will cause to be furnished promptly to the Lender evidence satisfactory to the Lender of such filing, registering and depositing. The Debtor shall, forthwith on demand being made by the Lender, pay all reasonable fees, costs and expenses incurred by the Lender or its agents in connection with the filing, re-filing, registering, re-registering, depositing and re-depositing of this Debenture and all such supplementary and corrective instruments and all additional mortgage and security documents. The fees, costs and expenses incurred by the Lender or its agents hereunder shall be secured hereby and shall become part of the Obligations.

## **7.3 Discharge**

Upon the full, final and indefeasible payment and performance of the Obligations, this Debenture and the rights hereby granted shall, at the request of the Debtor, be terminated and thereupon the Lender shall at the request and at the expense of the Debtor cancel and discharge the Charge and execute and deliver to the Debtor such deeds and other instruments as shall be requisite to cancel and discharge the Charge.

## **7.4 Partial Discharge**

No postponement or partial release or discharge of the Charge in respect of all or any part of the Collateral shall in any way operate or be construed so as to release and discharge the Charge except as therein specifically provided, or so as to release or discharge the Debtor from its liability to the Lender to fully pay and satisfy the Obligations.

## **7.5 Composite Mortgage**

This Debenture is a composite mortgage and security agreement covering the Collateral of the Debtor located in various Provinces and Territories of Canada and other jurisdictions and, as to portions of the Collateral located in such separate jurisdictions, this Debenture shall be a separate mortgage and security agreement enforceable against the Debtor without regard to the application of this Debenture to portions of the Collateral located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the Collateral located in each separate jurisdiction with the same effect as if a separate

mortgage and security agreement with respect thereto had been executed and delivered by the Debtor to the Lender. Upon the reasonable request of the Lender, the Debtor shall prepare, execute, deliver and register, at its expense, a separate mortgage and security agreement covering the portion of the Collateral located in any such jurisdiction or jurisdictions, such separate mortgage and security agreement to be substantially in the form hereof except for such modifications as shall be required by the fact that such mortgage and security agreement relates only to the property of the Debtor located in such jurisdiction or jurisdictions or as may be required by the Lender in connection herewith.

## **ARTICLE 8** **MISCELLANEOUS**

### **8.1 Additional Security**

Nothing contained in this Debenture shall detract from or limit the absolute obligation of the Debtor to make payment of this Debenture and of all monies owing hereunder at the time and in the manner provided in this Debenture and to perform or observe any other act or condition which it is required to perform or observe hereunder whether or not the Charge is operative, and the rights under this Debenture shall be in addition to and not in substitution for any other Lien of any and every character now or hereafter held by the Lender for the Obligations.

### **8.2 Assignment by the Lender**

It is agreed that this Debenture and the principal, interest and other monies hereby secured will be paid and shall be assignable by the Lender free from any right of set-off, counterclaim, deduction or equities between the Debtor and the Lender; provided that any such assignment shall be subject to the terms of any debenture pledge agreement relating to this Debenture.

### **8.3 Third Parties**

No person dealing with the Lender, any Receiver or any of their respective agents shall be concerned to inquire whether the Charge (or any part thereof) has become enforceable, or whether the powers which the Lender or any Receiver is purporting to exercise have become exercisable, or whether any of the Obligations remain outstanding or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Lender or any Receiver with the Collateral or any part thereof or to see to the application of any money paid to the Lender or any Receiver and, in the absence of fraud on the part of such person, such dealings shall be deemed, as regards the safety and protection of such person, to be within the powers hereby conferred upon the Lender or any Receiver and to be valid and effective accordingly.

### **8.4 Severability**

Any provision of this Debenture which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

### **8.5 Non-Negotiation**

This Debenture is not a negotiable instrument.

## **8.6 Amendments**

No provision of the Debenture may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Debtor and the Lender.

## **8.7 Notice**

Any communication or notice to be given pursuant to this Debenture may be effectively given by delivering the same at the addresses set out in, and in accordance with the terms and provisions of, the Loan Agreement.

## **8.8 Governing Law**

This Debenture is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than the internal laws in force in the Province of Alberta applying to this Debenture. The Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Debenture, or any of the transactions contemplated hereby, without prejudice to the rights of the Lender to take proceedings in other jurisdictions in which any Collateral may be situate.

## **8.9 Crystallization of Floating Charge**

For the purposes of section 203 of the *Land Title Act* (British Columbia), the floating charge created by this Debenture over the Debtor's real and immoveable property, both freehold and leasehold, shall crystallize and become a fixed charge upon the earlier of:

- (a) the Debtor becoming insolvent or bankrupt or making an assignment or proposal under the applicable bankruptcy or insolvency legislation in favour of its creditors;
- (b) a bankruptcy petition being filed or presented against the Debtor;
- (c) a Receiver being appointed for the Debtor or for any material part of the Collateral;
- (d) the Debtor failing to pay the Obligations when due; or
- (e) the Lender notifying the Debtor in writing that the floating charge created by this Debenture has crystallized and become a fixed charge.

## **8.10 Time of Essence**

Time shall be of the essence of this Debenture.

## **8.11 Enurement**

This Debenture shall be binding upon the Debtor, its successors and permitted assigns (including any successor by reason of amalgamation, merger or other combination) and shall enure to the benefit of the Lender and its successors and assigns, provided always that the Debtor shall not assign any of their rights or obligations hereunder, without the prior written consent of the Lender. The Debtor agrees that

no change in the name, objects or constitution of the Debtor shall in any way affect the enforceability of this Debenture against the Debtor from time to time.

#### **8.12 Headings**

The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

#### **8.13 Execution & Delivery**

This Debenture may be executed and delivered by facsimile or other electronic means and, when so executed and delivered, shall be deemed to be an original of one and the same instrument.

#### **8.14 Paramountcy**

To the extent that there is any inconsistency between the provisions of this Debenture and the Loan Agreement, the provisions of the Loan Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity.

#### **8.15 References**

Unless something in the subject matter or context is inconsistent herewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Debenture. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Debenture. In this Debenture, the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, licence or other instrument shall mean and refer to such agreement, contract, document, licence or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time.

#### **8.16 Receipt**

The Debtor hereby acknowledges receipt of an executed copy of this Debenture.

***Signature page follows.***



**IN WITNESS WHEREOF** the Debtor has issued this Debenture signed by its duly authorized officers as of the date first written above.

**FREE REIN RESOURCES LTD.**

Per:   
Name: Terry McCallum  
Title: Chief Executive Officer

## **SCHEDULE "A"**

Attached to and forming part of the Fixed and Floating Charge Debenture dated September 21, 2022 issued by Free Rein Resources Ltd., in favour of Invico Diversified Income Limited Partnership, by its general partner, Invico Diversified Income Managing GP Inc.

### **DEFINITIONS**

In the Debenture to which this Schedule "A" is attached, the following terms shall have the respective meanings given to them:

**"Dollars"** and **"\$"** mean Canadian dollars;

**"Charge"** means the Liens created by the Debenture;

**"Debenture"** means the fixed and floating charge demand debenture to which this Schedule "A" is attached, as the same may be amended, supplemented, restated or replaced from time to time, including all the Schedules now or hereafter attached to the Debenture;

**"Hazardous Materials"** means any and all hazardous substances, toxic waste, contaminants, pollutants or related materials, any products of waste, or any other contaminants, pollutants, substances or products declared to be waste, hazardous or toxic under Environmental Laws;

**"Hydrocarbon Interests"** means all rights, titles, interests and estates now or hereafter acquired in and to oil sand properties, oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, mineral fee interests, overriding royalty and royalty interests, farm-outs, net profit interests, carried interests and production payments and similar mineral interests, including any reserved or residual interests of whatever nature;

**"Hydrocarbons"** means oil, gas, coal seam gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances produced in conjunction with such substances, including sulfur, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and all products refined or separated therefrom and the proceeds therefrom;

**"including"** means including without limitation, and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and "includes" shall be construed in a like manner;

**"Loan Agreement"** means the loan agreement dated as of the date hereof entered into between the Debtor, as borrower and the Lender, as lender (as amended, modified, supplemented, restated, or replaced, from time to time);

**"Obligations"** means all of the obligations, liabilities and indebtedness, present or future, direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, determined or undetermined, choate or inchoate, of the Debtor to the Lender, in each case, arising under or in

connection with the Loan Agreement or any other Loan Document to which the Debtor is a party, and all principal, interest, interest on overdue and unpaid interest, fees, costs, expenses and indemnities under the Debenture, and “**Obligation**” means any of them;

“**PNG Assets**” means (a) Hydrocarbon Interests; (b) the Properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, communitization, pooling agreements and declarations of pooled units and the units created thereby (including without limitation all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests; (e) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, pipes or wherever else the same may be stored or in transit from time to time, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; (f) all tenements, hereditaments, appurtenances and Properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests and (g) all Surface Rights and other Properties, rights, titles, interests and estates described or referred to above, including any and all Property, real or personal, now owned or hereafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment, rental equipment or other personal Property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all wells, well pads, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with proceeds from and all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing;

“**PPSA**” means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms “proceeds”, “equipment”, “inventory”, “chattel paper”, “intangible”, “instrument”, “investment property”, “accessions”, “document of title” and “account” shall, when used herein, have the same meanings as are ascribed thereto in the PPSA;

“**Property**” means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible;

“**Receiver**” means any receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of the Debtor, or any part thereof, whether appointed by the Lender under the Debenture or by a court pursuant to law and any nominee of the Lender or any other person that is appointed by the Lender to exercise all or any of the powers, rights, benefits and discretion of the Lender under the Debenture; and

“**Surface Rights**” means all rights of the Debtor to use the surface of land in connection with the Hydrocarbon Interests, including the right to enter upon and occupy the surface of land on which the tangibles are located and rights to cross or otherwise use the surface of land for access to the Hydrocarbon Interests, including all access roads, together with all extensions, renewals, replacements, substitutions or amendments of or to any of the foregoing.

## **SCHEDULE "B"**

Attached to and forming part of the Fixed and Floating Charge Debenture dated September 21, 2022 issued by Free Rein Resources Ltd., in favour of Invico Diversified Income Limited Partnership, by its general partner, Invico Diversified Income Managing GP Inc.

### **LIST OF PNG ASSETS**

**See attached**

Free Rein Resources Ltd.

Property Report - Mineral

Title:

<b>M00018-A</b>	Status	<b>Active</b>	Lease date	<b>Sep-08-2022</b>	Gross rental	<b>672.00</b>	Hectares	Gross	Net
	Name/ID	<b>0422090019</b>	Expiry date		Net rental	<b>672.00</b>	Developed	<b>0.000</b>	<b>0.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Sep-08-2023</b>	Undeveloped	<b>192.000</b>	<b>192.000</b>
	Area	<b>Golden Spike</b>	Extension		Paid by	<b>FREE REIN RESOURCES LTD.</b>	Total	<b>192.000</b>	<b>192.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>Working Interest</b>								
Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 27 W4M N 10 TWP 51 RGE 27 W4M SW 10 P&NG from Surface to Base Mannville					INITIAL SET UP - Default FREE REIN RESOURCES LTD.	100.00000000%			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
Remarks									
<b>M00017-A</b>	Status	<b>Active</b>	Lease date	<b>Sep-08-2022</b>	Gross rental	<b>224.00</b>	Hectares	Gross	Net
	Name/ID	<b>0422090018</b>	Expiry date		Net rental	<b>224.00</b>	Developed	<b>0.000</b>	<b>0.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Sep-08-2023</b>	Undeveloped	<b>64.000</b>	<b>64.000</b>
	Area	<b>Golden Spike</b>	Extension		Paid by	<b>FREE REIN RESOURCES LTD.</b>	Total	<b>64.000</b>	<b>64.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>Working Interest</b>								
Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 27 W4M SE 10 P&NG from Surface to Base Viking Natural Gas In Mannville					INITIAL SET UP - Default FREE REIN RESOURCES LTD.	100.00000000%			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
Remarks									
<b>M00001-A</b>	Status	<b>Active</b>	Lease date	<b>Jul-15-1970</b>	Gross rental	<b>896.00</b>	Hectares	Gross	Net
	Name/ID	<b>22254</b>	Expiry date	<b>Jul-14-1980</b>	Net rental	<b>896.00</b>	Developed	<b>256.000</b>	<b>256.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date	<b>Jul-14-2099</b>	Next rental date	<b>Jul-14-2022</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>
	Area	<b>Golden Spike</b>	Extension	<b>Section 18(6)</b>	Paid by	<b>Imperial Oil Limited</b>	Total	<b>256.000</b>	<b>256.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>Working Interest</b>								
Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 27 W4M 22 P&NG from Surface to Top Leduc					WORKING INTEREST - Default FREE REIN RESOURCES LTD. RENTAL - Rental FREE REIN RESOURCES LTD.	100.00000000%  50.00000000%			

Free Rein Resources Ltd.

Property Report - Mineral

Title:

										IMPERIAL OIL RESOURCES LIMITED		50.00000000%		O	
Well	Producing Formations		Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR					
104/09-22-051-27W4/00	Nisku		Abandoned Zone	Oil	100.00000000	C00001 - A	Contract	Active	Oct-30-2018						
104/09-22-051-27W4/02	Ellerslie Member		Suspended	Gas	100.00000000	C00011 - A	Contract	Active	Nov-01-2018						
104/09-22-051-27W4/03			Cased		100.00000000	C00018 - A	Contract	Historical	Jul-19-2001						
103/16-22-051-27W4/00	Leduc		Abandoned Zone	Oil	0.00000000	S00015	Surface	Active	Jan-01-1988						
103/16-22-051-27W4/02	Wabamun Group		Suspended	Gas	100.00000000	S00040	Surface	Active	Oct-26-1948						
100/05-22-051-01W5/00	Ellerslie Member		Abandoned Zone	Gas	100.00000000										
100/05-22-051-01W5/03	Belly River		Abandoned	Gas	100.00000000										
Royalty Type	Product	Method	Rate	Conv	Payee	Payor			Source						
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.	100.00000000		100.00000000						
Gross Overriding Royalty	All	Fixed	5% based on 100% Production	No	Newgrange Energy Inc.	FREE REIN RESOURCES LTD.	100.00000000		100.00000000	C00001 - A					
Remarks															
General THIS LEASE IS SET UP AS A CROWN LEASE - BUT HAS A SUBLEASE ATTACHED WHICH IS HOW FREE REIN HAS THEIR WI.															
IOL IS SUBLESSOR FRR IS SUBLESSEE															
IOR DOES NOT DO TRUST AGREEMENTS															
M00001-B	Status	Active	Lease date	Jul-15-1970	Gross rental	896.00	Hectares	Gross	Net						
	Name/ID	22254	Expiry date	Jul-14-1980	Net rental	896.00	Developed	256.000	256.000						
	Type	Petroleum & Natural Gas Lease	Extension date	Jul-14-2099	Next rental date	Jul-14-2022	Undeveloped	0.000	0.000						
	Area	Golden Spike	Extension	Section 18(6)	Paid by	Imperial Oil Limited	Total	256.000	256.000						
	Prov/State	Alberta	Terminated												
	Min int	100.00000000													
	Int type	Working Interest													
Lands					DOI	Percentage	Flags	Notes							
TWP 51 RGE 27 W4M 23 P&NG from Surface to Top Leduc Excluding P&NG In Glauconitic Sandstone					INITIAL SET UP - Default										
					FREE REIN RESOURCES LTD.	100.00000000%	O								
					RENTAL - Rental										
					FREE REIN RESOURCES LTD.	50.00000000%									
					IMPERIAL OIL RESOURCES LIMITED	50.00000000%	O								
Well	Producing Formations		Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR					
100/06-23-051-27W4/00	Nisku		Pumping	Oil	100.00000000	C00001 - A	Contract	Active	Oct-30-2018						
102/07-23-051-27W4/00	Nisku		Pumping	Oil	100.00000000	C00011 - A	Contract	Active	Nov-01-2018						
102/09-23-051-27W4/00			Cancelled	Oil	0.00000000	C00018 - A	Contract	Historical	Jul-19-2001						
103/09-23-051-27W4/00	Nisku		Pumping	Oil	100.00000000	S00014	Surface	Active	Sep-01-2004						
100/10-23-051-27W4/00	Leduc		Abandoned Zone	Oil	0.00000000	S00018	Surface	Active	May-13-2005						
100/10-23-051-27W4/02	Glauconitic Sandstone		Flowing	Gas	100.00000000	S00027	Surface	Active	Sep-25-1964						
102/10-23-051-27W4/00	Nisku		Abandoned Zone	Oil	100.00000000	S00028	Surface	Active	Sep-01-2004						
102/10-23-051-27W4/02	Leduc		Suspended	Oil	0.00000000	S00029	Surface	Active	Sep-01-2004						
102/10-23-051-27W4/03	Wabamun Group		Suspended	Gas	100.00000000	S00031	Surface	Active	Sep-01-2004						
102/10-23-051-27W4/04	Ellerslie Member		Flowing	Gas	100.00000000	S00033	Surface	Active	Sep-01-2004						
102/10-23-051-27W4/05			Commingled	Gas	100.00000000	S00034	Surface	Active	Sep-01-2004						
102/11-23-051-27W4/00	Nisku		Injection	Water	100.00000000	S00035	Surface	Active	Sep-01-2004						
103/11-23-051-27W4/00	Wabamun Group		Abandoned	Gas	100.00000000										
100/12-23-051-27W4/00	Nisku		Suspended	Oil	100.00000000										

Free Rein Resources Ltd.

Property Report - Mineral

Title:

	100/12-23-051-27W4/02	Ellerslie Member	Suspended	Gas	100.00000000						
	100/12-23-051-27W4/03		Cased		100.00000000						
	102/13-23-051-27W4/00	Nisku	Injection	Water	100.00000000						
	100/14-23-051-27W4/00	Nisku	Abandoned	Oil	100.00000000						
	102/14-23-051-27W4/00	Leduc	Abandoned	Oil	0.00000000						
	102/14-23-051-27W4/02	Viking	Zone Suspended	Gas	100.00000000						
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
	Crown Sliding	All	Crown Sliding	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.	100.00000000			
	Scale		Scale								
	Gross Overriding	All	Fixed	5% based on 100% Production	No	Newgrange Energy Inc.	FREE REIN RESOURCES LTD.	100.00000000	C00001 - A		
	Royalty										
	Remarks										
	General	THIS LEASE IS SET UP AS A CROWN LEASE - BUT HAS A SUBLEASE ATTACHED WHICH IS HOW FREE REIN HAS THEIR WI.									
		IOL IS SUBLESSOR FRR IS SUBLESSEE									
		IOR DOES NOT DO TRUST AGREEMENTS									
M00001-H	Status	Active	Lease date	Jul-15-1970	Gross rental		Hectares	Gross	Net		
	Name/ID	22254	Expiry date	Jul-14-1980	Net rental		Developed	0.000	0.000		
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Jul-14-2022	Undeveloped	0.000	0.000		
	Area	Golden Spike	Terminated		Paid by	Imperial Oil Limited	Total	0.000	0.000		
	Prov/State	Alberta									
	Min int	100.00000000									
	Int type	After Earning									
	Lands	TWP 51 RGE 27 W4M 23 P&NG In Glauconitic Sandstone				DOI	Percentage	Flags	Notes		
						APO -					
						FREE REIN RESOURCES LTD.	50.00000000%	O			
						JELS ENERGY LTD.	50.00000000%		Subject to earning		
						INITIAL - Default					
						FREE REIN RESOURCES LTD.	40.00000000%	O			
						JELS ENERGY LTD.	60.00000000%		Subject to earning		
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
	103/12-24-051-27W4/00	Glauconitic Sandstone	Standing	Oil	100.00000000	C00001 - A	Contract	Active	Oct-30-2018		
						C00001 - B	Contract	Active	Oct-30-2018		
						C00020 - A	Contract	Active	Jun-14-2022		
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
	Crown Sliding	All	Crown Sliding	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.	100.00000000			
	Scale		Scale								
	Gross Overriding	All	Fixed	5% based on 100% Production	No	Newgrange Energy Inc.	FREE REIN RESOURCES LTD.	100.00000000	C00001 - A		
	Royalty										
	Remarks										
	General	THIS LEASE IS SET UP AS A CROWN LEASE - BUT HAS A SUBLEASE ATTACHED WHICH IS HOW FREE REIN HAS THEIR WI.									
		IOL IS SUBLESSOR FRR IS SUBLESSEE									
		IOR DOES NOT DO TRUST AGREEMENTS									
M00014-A	Status	Active	Lease date	Mar-08-1984	Gross rental	224.00	Hectares	Gross	Net		
	Name/ID	0484030067	Expiry date	Mar-07-1989	Net rental	224.00	Developed	64.000	64.000		
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Jun-23-2021	Undeveloped	0.000	0.000		
	Area	Golden Spike	Terminated		Paid by	PRAIRIE PROVIDENT RESOURCES	Total	64.000	64.000		
	Prov/State	Alberta				CANADA LTD.					

Free Rein Resources Ltd.

Property Report - Mineral

Title:

	Min int Int type	100.00000000 Working Interest								
	Lands TWP 51 RGE 27 W4M NE 24 P&NG from Surface to Base Wabamun Group Excluding P&NG In Glauconitic Sandstone				DOI INITIAL SETUP - Default FREE REIN RESOURCES LTD.	Percentage 100.00000000%	Flags	Notes		
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	102/05-24-051-27W4/00		Suspended	Gas	100.00000000					
	102/05-24-051-27W4/03		Abandoned	Gas	100.00000000					
		Zone								
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
	Remarks									
M00014-B	Status Name/ID Type Area Prov/State Min int Int type	Active 0484030067 Petroleum & Natural Gas Lease Golden Spike Alberta 100.00000000 After Earning	Lease date Expiry date Extension date Terminated	Mar-08-1984 Mar-07-1989	Gross rental Net rental Next rental date Paid by		Jun-23-2021 PRAIRIE PROVIDENT RESOURCES CANADA LTD.	Hectares Developed Undeveloped Total	Gross 0.000 0.000 0.000	Net 0.000 0.000 0.000
	Lands TWP 51 RGE 27 W4M NE 24 P&NG In Glauconitic Sandstone				DOI APO - FREE REIN RESOURCES LTD. JELS ENERGY LTD. INITIAL - Default FREE REIN RESOURCES LTD. JELS ENERGY LTD.	Percentage 50.00000000% 50.00000000% 40.00000000% 60.00000000%	Flags O O	Notes		
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
						C00020 - B	Contract	Active	Jun-14-2022	
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
	Remarks									
M00012-B	Status Name/ID Type Area Prov/State Min int Int type	Active 0000115420 Petroleum & Natural Gas Lease Golden Spike Alberta 100.00000000 After Earning	Lease date Expiry date Extension date Terminated	Mar-23-1959 Mar-22-1980	Gross rental Net rental Next rental date Paid by		Jun-23-2021 PRAIRIE PROVIDENT RESOURCES CANADA LTD.	Hectares Developed Undeveloped Total	Gross 0.000 0.000 0.000	Net 0.000 0.000 0.000
	Lands TWP 51 RGE 27 W4M NW 24 P&NG In Glauconitic Sandstone				DOI APO - FREE REIN RESOURCES LTD. JELS ENERGY LTD. INITIAL - Default FREE REIN RESOURCES LTD. JELS ENERGY LTD.	Percentage 50.00000000% 50.00000000% 40.00000000% 60.00000000%	Flags O O	Notes		



Free Rein Resources Ltd.

Property Report - Mineral

Title:

	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
	103/12-24-051-27W4/00	Glauconitic Sandstone	Standing	Oil	100.00000000	C00020 - B	Contract	Active	Jun-14-2022		
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor		Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.		100.00000000		
	Remarks										
M00015-A	Status	Active	Lease date	Aug-06-1992	Gross rental	224.00	Hectares	Gross	Net		
	Name/ID	0492080110	Expiry date	Aug-05-1997	Net rental	224.00	Developed	64.000	64.000		
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Jun-23-2021	Undeveloped	0.000	0.000		
	Area	Golden Spike	Extension		Paid by	PRAIRIE PROVIDENT RESOURCES CANADA LTD.	Total	64.000	64.000		
	Prov/State	Alberta	Terminated								
	Min int	100.00000000									
	Int type	Working Interest									
	Lands	TWP 51 RGE 27 W4M SE 24 P&NG In Lower Mannville P&NG In Wabamun Group				DOI	INITIAL SETUP - Default FREE REIN RESOURCES LTD.	Percentage	100.00000000%	Flags	Notes
		Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
		102/05-24-051-27W4/00		Suspended	Gas	100.00000000					
	102/05-24-051-27W4/03		Abandoned Zone	Gas	100.00000000						
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor		Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.		100.00000000		
	Remarks										
M00015-B	Status	Active	Lease date	Aug-06-1992	Gross rental		Hectares	Gross	Net		
	Name/ID	0492080110	Expiry date	Aug-05-1997	Net rental		Developed	0.000	0.000		
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Jun-23-2021	Undeveloped	0.000	0.000		
	Area	Golden Spike	Extension		Paid by	PRAIRIE PROVIDENT RESOURCES CANADA LTD.	Total	0.000	0.000		
	Prov/State	Alberta	Terminated								
	Min int	100.00000000									
	Int type	Working Interest									
	Lands	TWP 51 RGE 27 W4M SE 24 P&NG from Surface to Base Wabamun Group Excluding P&NG In Lower Mannville Excluding P&NG In Wabamun Group Excluding P&NG In Glauconitic Sandstone				DOI	INITIAL SETUP - Default FREE REIN RESOURCES LTD.	Percentage	100.00000000%	Flags	B
		Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor		Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.		100.00000000		
	Remarks										

Free Rein Resources Ltd.

Property Report - Mineral

Title:

<b>M00015-C</b>	Status	<b>Active</b>	Lease date	<b>Aug-06-1992</b>	Gross rental		Hectares	Gross	Net
	Name/ID	<b>0492080110</b>	Expiry date	<b>Aug-05-1997</b>	Net rental		Developed	<b>0.000</b>	<b>0.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Jun-23-2021</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>
	Area	<b>Golden Spike</b>	Extension		Paid by	<b>PRAIRIE PROVIDENT RESOURCES CANADA LTD.</b>	Total	<b>0.000</b>	<b>0.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>After Earning</b>								
Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 27 W4M SE 24 P&NG In Glauconitic Sandstone					APO -				
					FREE REIN RESOURCES LTD.	50.00000000%	O		
					JELS ENERGY LTD.	50.00000000%			
					INITIAL - Default				
					FREE REIN RESOURCES LTD.	40.00000000%	O		
					JELS ENERGY LTD.	60.00000000%			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
					C00020 - B	Contract	Active	Jun-14-2022	
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
Remarks									
<b>M00013-B</b>	Status	<b>Active</b>	Lease date	<b>Mar-23-1959</b>	Gross rental		Hectares	Gross	Net
	Name/ID	<b>0000115421</b>	Expiry date	<b>Mar-22-1980</b>	Net rental		Developed	<b>0.000</b>	<b>0.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Jun-23-2021</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>
	Area	<b>Golden Spike</b>	Extension		Paid by	<b>PRAIRIE PROVIDENT RESOURCES CANADA LTD.</b>	Total	<b>0.000</b>	<b>0.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>After Earning</b>								
Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 27 W4M SW 24 P&NG In Glauconitic Sandstone					APO -				
					FREE REIN RESOURCES LTD.	50.00000000%	O		
					JELS ENERGY LTD.	50.00000000%			
					INITIAL - Default				
					FREE REIN RESOURCES LTD.	40.00000000%	O		
					JELS ENERGY LTD.	60.00000000%			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
					C00020 - B	Contract	Active	Jun-14-2022	
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
Remarks									
<b>M00013-A</b>	Status	<b>Active</b>	Lease date	<b>Mar-23-1959</b>	Gross rental	<b>224.00</b>	Hectares	Gross	Net
	Name/ID	<b>0000115421</b>	Expiry date	<b>Mar-22-1980</b>	Net rental	<b>224.00</b>	Developed	<b>64.000</b>	<b>64.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Jun-23-2021</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>
	Area	<b>Golden Spike</b>	Extension				Total	<b>64.000</b>	<b>64.000</b>

Free Rein Resources Ltd.

Property Report - Mineral

Title:

	Prov/State Min int Int type	Alberta 100.00000000 Working Interest	Terminated	Paid by	PRAIRIE PROVIDENT RESOURCES CANADA LTD.					
	Lands	P&NG from Surface to Base Leduc Excluding P&NG In Glauconitic Sandstone TWP 51 RGE 27 W4M 24 (LSD 5) P&NG from Surface to Base Wabamun Group Excluding P&NG In Glauconitic Sandstone TWP 51 RGE 27 W4M 24 (LSD 3,4,6)			DOI	Percentage	Flags	Notes		
					INITIAL SETUP - Default FREE REIN RESOURCES LTD.	100.00000000%				
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	102/05-24-051-27W4/00		Suspended	Gas	100.00000000					
	102/05-24-051-27W4/02		Abandoned Zone	Oil	100.00000000					
	102/05-24-051-27W4/03		Abandoned Zone	Gas	100.00000000					
	100/12-24-051-27W4/05		Abandoned Zone	Gas	100.00000000					
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Status	Date	Source
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000 FREE REIN RESOURCES LTD.		100.00000000	
	Remarks									
M00012-A	Status Name/ID Type Area Prov/State Min int Int type	Active 0000115420 Petroleum & Natural Gas Lease Golden Spike Alberta 100.00000000 Working Interest	Lease date Expiry date Extension date Extension Terminated	Mar-23-1959 Mar-22-1980	Gross rental Net rental Next rental date Paid by	224.00 224.00 Jun-23-2021 PRAIRIE PROVIDENT RESOURCES CANADA LTD.	Hectares Developed Undeveloped Total	Gross 64.000 0.000 64.000	Net 64.000 0.000 64.000	
	Lands	P&NG from Surface to Base Leduc Excluding P&NG In Glauconitic Sandstone TWP 51 RGE 27 W4M 24 (LSD 12,13) P&NG from Surface to Base Wabamun Group Excluding P&NG In Glauconitic Sandstone TWP 51 RGE 27 W4M 24 (LSD 11,14)			DOI	Percentage	Flags	Notes		
					INITIAL SETUP - Default FREE REIN RESOURCES LTD.	100.00000000%				
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	102/05-24-051-27W4/00		Suspended	Gas	100.00000000					
	102/05-24-051-27W4/03		Abandoned Zone	Gas	100.00000000					
	100/12-24-051-27W4/00		Abandoned and Whipstocked		100.00000000					
	100/12-24-051-27W4/02		Suspended	Oil	100.00000000					
	100/12-24-051-27W4/03		Abandoned Zone	Oil	100.00000000					
	100/12-24-051-27W4/04		Abandoned Zone	Oil	100.00000000					
	100/12-24-051-27W4/05		Abandoned Zone	Gas	100.00000000					
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Status	Date	Source
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000 FREE REIN RESOURCES LTD.		100.00000000	

Free Rein Resources Ltd.

Property Report - Mineral

Title:

Remarks										
<b>M00001-C</b>	Status	Active	Lease date	Jul-15-1970	Gross rental	896.00	Hectares	Gross	Net	
	Name/ID	22254	Expiry date	Jul-14-1980	Net rental	896.00	Developed	256.000	256.000	
	Type	Petroleum & Natural Gas Lease	Extension date	Jul-14-2099	Next rental date	Jul-14-2022	Undeveloped	0.000	0.000	
	Area	Golden Spike	Extension	Section 18(6)	Paid by	Imperial Oil Limited	Total	256.000	256.000	
	Prov/State	Alberta	Terminated							
	Min int	100.00000000								
	Int type	Working Interest								
	Lands					DOI	Percentage	Flags	Notes	
	TWP 51 RGE 27 W4M 26 P&NG from Surface to Top Leduc					INITIAL SET UP - Default FREE REIN RESOURCES LTD. RENTAL - Rental FREE REIN RESOURCES LTD. IMPERIAL OIL RESOURCES LIMITED	100.00000000% 50.00000000% 50.00000000%	O  O		
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
100/03-26-051-27W4/00	Leduc	Abandoned and Whipstocked	Oil	0.00000000	C00001 - A C00011 - A C00018 - A	Contract Contract Contract	Active Active Historical	Oct-30-2018 Nov-01-2018 Jul-19-2001		
100/03-26-051-27W4/02	Leduc	Abandoned and Whipstocked	Oil	0.00000000	S00017 S00021 S00036	Surface Surface Surface	Active Active Active	Oct-09-1953 Aug-12-1974 Sep-14-1949		
102/03-26-051-27W4/00	Leduc	Abandoned Zone	Oil	0.00000000	S00041	Surface	Active	Oct-24-1974		
102/03-26-051-27W4/02	Nisku	Testing	Gas	100.00000000						
102/03-26-051-27W4/03	Ellerslie Member	Suspended	Gas	100.00000000						
102/03-26-051-27W4/04	Ellerslie Member	Testing	Gas	100.00000000						
103/03-26-051-27W4/00	Nisku	Suspended	Oil	100.00000000						
103/03-26-051-27W4/02		Cased		100.00000000						
103/03-26-051-27W4/03	Viking	Suspended	Gas	100.00000000						
100/04-26-051-27W4/00	Nisku	Abandoned Zone	Oil	100.00000000						
100/04-26-051-27W4/02	Leduc	Suspended	Oil	0.00000000						
102/04-26-051-27W4/00	Leduc	Suspended	Gas	0.00000000						
102/04-26-051-27W4/02	Nisku	Suspended	Oil	100.00000000						
100/05-26-051-27W4/00		Cancelled		100.00000000						
102/05-26-051-27W4/00	Nisku	Pumping	Oil	100.00000000						
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
Crown Sliding	All	Crown Sliding	100% of Production	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000		
Scale		Scale								
Gross Overriding	All	Fixed	5% based on 100% Production	No	Newgrange Energy Inc.	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	C00001 - A	
Royalty										
Remarks										
General THIS LEASE IS SET UP AS A CROWN LEASE - BUT HAS A SUBLEASE ATTACHED WHICH IS HOW FREE REIN HAS THEIR WI.										
IOL IS SUBLESSOR FRR IS SUBLESSEE										
IOR DOES NOT DO TRUST AGREEMENTS										
<b>M00001-D</b>	Status	Active	Lease date	Jul-15-1970	Gross rental	896.00	Hectares	Gross	Net	
	Name/ID	22254	Expiry date	Jul-14-1980	Net rental	896.00	Developed	256.000	256.000	
	Type	Petroleum & Natural Gas Lease	Extension date	Jul-14-2099	Next rental date	Jul-14-2022	Undeveloped	0.000	0.000	
	Area	Golden Spike	Extension	Section 18(6)	Paid by	Imperial Oil Limited	Total	256.000	256.000	

Free Rein Resources Ltd.

Property Report - Mineral

Title:

Prov/State <b>Alberta</b>		Terminated							
Min int <b>100.00000000</b>									
Int type <b>Working Interest</b>									
Lands				DOI	Percentage	Flags	Notes		
TWP 51 RGE 27 W4M 27 (LSD 11) P&NG from Surface to Top Leduc Excluding P&NG In Nisku Excluding P&NG In Wabamun Group TWP 51 RGE 27 W4M 27 (LSD 12,13,14) P&NG from Surface to Top Leduc Excluding P&NG In Wabamun Group TWP 51 RGE 27 W4M SW 27 TWP 51 RGE 27 W4M E 27 P&NG from Surface to Top Leduc				INITIAL SET UP - Default / Rental FREE REIN RESOURCES LTD. RENTAL - FREE REIN RESOURCES LTD. IMPERIAL OIL RESOURCES LIMITED	100.00000000%  50.00000000% 50.00000000%	O  O			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
103/01-27-051-27W4/00	Nisku	Suspended	Water	100.00000000	C00001 - A	Contract	Active	Oct-30-2018	
102/02-27-051-27W4/00	Leduc	Abandoned	Oil	100.00000000	C00011 - A	Contract	Active	Nov-01-2018	
		Zone			C00018 - A	Contract	Historical	Jul-19-2001	
102/02-27-051-27W4/02	Nisku	Abandoned	Oil	100.00000000	S00037	Surface	Active	Oct-24-1952	
		Zone			S00039	Surface	Active	Oct-18-1951	
103/02-27-051-27W4/00	Leduc	Abandoned	Oil	100.00000000					
		Zone							
103/02-27-051-27W4/02		Cased		100.00000000					
103/02-27-051-27W4/03		Cased		100.00000000					
100/08-27-051-27W4/00	Nisku	Suspended	Oil	100.00000000					
107/08-27-051-27W4/00	Leduc	Abandoned	Oil	0.00000000					
		Zone							
107/08-27-051-27W4/02		Abandoned		100.00000000					
		Zone							
107/08-27-051-27W4/03	Viking	Abandoned	Gas	100.00000000					
		Zone							
107/08-27-051-27W4/04		Abandoned		100.00000000					
102/09-27-051-27W4/00	Nisku	Suspended	Oil	100.00000000					
102/09-27-051-27W4/02	Ellerslie Member	Flowing	Gas	100.00000000					
1D0/09-27-051-27W4/00	Leduc	Abandoned	Oil	0.00000000					
		Zone							
1D0/09-27-051-27W4/02	Ostracod Member	Abandoned	Gas	100.00000000					
		Zone							
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of Production	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
Gross Overriding Royalty	All	Fixed	5% based on 100% Production	No	Newgrange Energy Inc.	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	C00001 - A
Remarks									
General THIS LEASE IS SET UP AS A CROWN LEASE - BUT HAS A SUBLEASE ATTACHED WHICH IS HOW FREE REIN HAS THEIR WI.									
IOL IS SUBLESSOR FRR IS SUBLESSEE									
IOR DOES NOT DO TRUST AGREEMENTS									
M00001-I	Status	Active	Lease date	Jul-15-1970	Gross rental	Hectares		Gross	Net
	Name/ID	22254	Expiry date	Jul-14-1980	Net rental	Developed	0.000	0.000	
	Type	Petroleum & Natural Gas Lease	Extension date	Jul-14-2099	Next rental date	Undeveloped	0.000	0.000	
	Area	Golden Spike	Extension	Section 18(6)	Paid by	Total	0.000	0.000	
	Prov/State	Alberta	Terminated						

Free Rein Resources Ltd.

Property Report - Mineral

Title:

	Min int Int type	100.00000000 Working Interest								
	Lands				DOI	Percentage	Flags	Notes		
	TWP 51 RGE 27 W4M 27 (LSD 11) P&NG In Nisku P&NG In Wabamun Group TWP 51 RGE 27 W4M 27 (LSD 12,13,14) P&NG In Wabamun Group				INITIAL SET UP - Default / Rental FREE REIN RESOURCES LTD. RENTAL - FREE REIN RESOURCES LTD. IMPERIAL OIL RESOURCES LIMITED	100.00000000%  50.00000000% 50.00000000%	O  O			
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	100/11-27-051-27W4/00	Leduc	Abandoned Zone	Oil	0.00000000	C00001 - A C00011 - A C00018 - A	Contract Contract Contract	Active Active Historical	Oct-30-2018 Nov-01-2018 Jul-19-2001	
	100/11-27-051-27W4/02	Wabamun Group	Suspended	Gas	100.00000000					
	100/11-27-051-27W4/03	Ellerslie Member	Abandoned Zone	Gas	100.00000000					
	100/11-27-051-27W4/04	Nisku	Disposal	Water	100.00000000					
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of Production	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
	Gross Overriding Royalty	All	Fixed	5% based on 100% Production	No	Newgrange Energy Inc.	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	C00001 - A
	Remarks									
	General	THIS LEASE IS SET UP AS A CROWN LEASE - BUT HAS A SUBLEASE ATTACHED WHICH IS HOW FREE REIN HAS THEIR WI.  IOL IS SUBLESSOR FRR IS SUBLESSEE  IOR DOES NOT DO TRUST AGREEMENTS								
M00004-A	Status	Active	Lease date	Nov-06-1974	Gross rental	224.00	Hectares	Gross	Net	
	Name/ID	37227	Expiry date	Nov-05-1984	Net rental	224.00	Developed	64.000	64.000	
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Nov-06-2021	Undeveloped	0.000	0.000	
	Area	Golden Spike	Extension	Section 15	Paid by	PRAIRIE PROVIDENT RESOURCES CANADA LTD.	Total	64.000	64.000	
	Prov/State	Alberta	Terminated							
	Min int	100.00000000								
	Int type	Working Interest								
	Lands				DOI	Percentage	Flags	Notes		
	P&NG from Top Nisku to Base Leduc TWP 51 RGE 27 W4M NE 34				INITIAL SET UP - Default FREE REIN RESOURCES LTD. PRAIRIE PROVIDENT RESOURCES CANADA LTD.  RENTALS - FREE REIN RESOURCES LTD. PRAIRIE PROVIDENT RESOURCES CANADA LTD.	100.00000000% 0.00000000%  50.00000000% 50.00000000%	O T:PRAIRIE PROVIDENT RESOURCES CANADA LTD.			
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	102/10-34-051-27W4/00	Leduc	Suspended	Oil	0.00000000	C00007 - A	Contract	Active	Dec-03-2019	
	102/15-34-051-27W4/00	Nisku	Suspended	Oil	100.00000000	C00019 - A	Contract	Active	Dec-03-2019	
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	

Free Rein Resources Ltd.

Property Report - Mineral

Title:

Remarks									
<b>M00005-A</b>	Status	<b>Active</b>	Lease date	<b>Jun-23-1973</b>	Gross rental	<b>112.00</b>	Hectares	Gross	Net
	Name/ID	<b>31836</b>	Expiry date	<b>Jun-22-1983</b>	Net rental	<b>112.00</b>	Developed	<b>32.000</b>	<b>32.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Jun-23-2022</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>
	Area	<b>Golden Spike</b>	Extension	<b>Section 15</b>	Paid by	<b>PRAIRIE PROVIDENT RESOURCES CANADA LTD.</b>	Total	<b>32.000</b>	<b>32.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>Working Interest</b>								
Lands					DOI	Percentage	Flags	Notes	
P&NG from Top Nisku to Base Leduc TWP 51 RGE 27 W4M 34 (LSD 3,6)					INITIAL SET UP - Default FREE REIN RESOURCES LTD. PRAIRIE PROVIDENT RESOURCES CANADA LTD.	100.00000000% 0.00000000%	O T:PRAIRIE PROVIDENT RESOURCES CANADA LTD.		
RENTALS - FREE REIN RESOURCES LTD. PRAIRIE PROVIDENT RESOURCES CANADA LTD.					50.00000000% 50.00000000%				
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
100/03-34-051-27W4/00 102/03-34-051-27W4/00	Leduc	Suspended Location	Water	100.00000000 100.00000000	C00007 - A	Contract	Active	Dec-03-2019	
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
Remarks									
<b>M00011-A</b>	Status	<b>Active</b>	Lease date	<b>Jul-22-2021</b>	Gross rental	<b>560.00</b>	Hectares	Gross	Net
	Name/ID	<b>0421070082</b>	Expiry date	<b>Jul-21-2026</b>	Net rental	<b>560.00</b>	Developed	<b>160.000</b>	<b>160.000</b>
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date		Next rental date	<b>Jun-23-2021</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>
	Area	<b>Golden Spike</b>	Extension		Paid by	<b>PRAIRIE PROVIDENT RESOURCES CANADA LTD.</b>	Total	<b>160.000</b>	<b>160.000</b>
	Prov/State	<b>Alberta</b>	Terminated						
Min int	<b>100.00000000</b>								
Int type	<b>Working Interest</b>								
Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 27 W4M 34 (LSD 4,5) TWP 51 RGE 27 W4M NW 34 TWP 51 RGE 27 W4M SE 34 P&NG from Base Mannville to Base Leduc					INITIAL SET UP - Default FREE REIN RESOURCES LTD. PRAIRIE PROVIDENT RESOURCES CANADA LTD.	100.00000000% 0.00000000%	O T:PRAIRIE PROVIDENT RESOURCES CANADA LTD.		
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
					C00019 - A M00001 - A	Contract Mineral	Active Active	Dec-03-2019 Jul-15-1970	
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	

Free Rein Resources Ltd.

Property Report - Mineral

Title:

Remarks										
<b>M00002-A</b>	Status	Active	Lease date	Jun-11-1975	Gross rental	224.00	Hectares	Gross	Net	
	Name/ID	39143	Expiry date	Jun-10-1985	Net rental	11.20	Developed	0.000	0.000	
	Type	Petroleum & Natural Gas Lease	Extension date	Jun-10-2099	Next rental date	Jun-10-2021	Undeveloped	64.000	3.200	
	Area	Golden Spike	Extension	Section 15	Paid by	FREE REIN RESOURCES LTD.	Total	64.000	3.200	
	Prov/State	Alberta	Terminated							
Min int	100.00000000									
Int type	Working Interest									
Lands					DOI	Percentage	Flags	Notes		
TWP 51 RGE 27 W4M NW 35 P&NG from Surface to Base Mannville Excluding P&NG In Basal Quartz					INITIAL SET UP - Default CANADIAN NATURAL RESOURCES LIMITED FREE REIN RESOURCES LTD.	95.00000000% 5.00000000%	O			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
					C00011 - A C00017 - A C00018 - A	Contract Contract Contract	Active Active Historical	Nov-01-2018 Jul-02-1965 Jul-19-2001		
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
Crown Sliding Scale	All	Crown Sliding Scale	100% of Production	No	Alberta Energy	100.00000000 FREE REIN RESOURCES LTD.	100.00000000			
Remarks										
Deficiency MISSING THE GOVERNING AGREEMENT. SET UP DOI AS STAND-ALONE UNTIL FILE IS CLEANED UP REACHED OUT TO CNRL ON APRIL 29 2021 TO CONFIRM RECORDS AND REQUESTED COPY OF LEASE AND AGREEMENT CHECKING INTO DOCUMENTATION TO ASSIGN FRR INTO AGREEMENT AS WELL										
<b>M00003-A</b>	Status	Active	Lease date	Sep-01-2004	Gross rental	636.00	Hectares	Gross	Net	
	Name/ID	PSK M67035	Expiry date	Aug-31-2009	Net rental	636.00	Developed	257.380	257.380	
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Sep-01-2021	Undeveloped	0.000	0.000	
	Area	Telfordville	Extension	Held By Production	Paid by	FREE REIN RESOURCES LTD.	Total	257.380	257.380	
	Prov/State	Alberta	Terminated							
Min int	100.00000000									
Int type	Working Interest									
Lands					DOI	Percentage	Flags	Notes		
TWP 50 RGE 2 W5M 27 P&NG from Surface to Base Banff					INITIAL SET UP - Default / Rental FREE REIN RESOURCES LTD.	100.00000000%	O			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
100/04-27-050-02W5/00		Cased		0.00000000	C00002 - A	Contract	Active	Jul-03-1997		
100/04-27-050-02W5/02	Banff	Flowing	Gas	100.00000000	S00006	Surface	Active	Apr-17-2007		
102/16-27-050-02W5/00	Viking	Suspended	Gas	100.00000000	S00010	Surface	Active	Feb-17-1998		
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
Lessor	Gas Oil	Fixed Fixed	25% based on 100% Production 25% based on 100% Production	No	PRAIRIE SKY ROYALTY LTD.	100.00000000 FREE REIN RESOURCES LTD.	100.00000000			
Remarks										
<b>M00006-A</b>	Status	Active	Lease date	Mar-16-1995	Gross rental	224.00	Hectares	Gross	Net	
	Name/ID	0495030519	Expiry date	Mar-15-2000	Net rental	134.40	Developed	0.000	0.000	
	Type	Petroleum & Natural Gas Lease	Extension date	Mar-15-2999	Next rental date	Mar-15-2022	Undeveloped	64.000	38.400	
	Area	Telfordville	Extension	Held By Production	Paid by	FREE REIN RESOURCES LTD.	Total	64.000	38.400	
	Prov/State	Alberta	Terminated							
Min int	100.00000000									
Int type	Working Interest									
Lands					DOI	Percentage	Flags	Notes		
TWP 50 RGE 2 W5M SE 28					SET UP - Default / Rental					



Free Rein Resources Ltd.

Property Report - Mineral

Title:

P&NG from Surface to Base Banff					FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.		60.00000000%	O		
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
					C00008 - A	Contract	Active	Mar-09-2000		
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
Crown Sliding Scale	All	Crown Sliding Scale	100% of Production	No	Alberta Energy	100.00000000	FREE REIN RESOURCES LTD.	100.00000000		
Gross Overriding Royalty	Gas and Other Oil	Fixed	12.5% based on 100% Sales 1/23.8365 5 - 12.5% based on 100% Production	No	NEW STAR ENERGY LTD.	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	C00008 - A	
Remarks	General THE 7-28 WELL THAT INITIALLY CONTINUED THESE LANDS HAS BEEN ABANDONED AND THE RIGHTS REVERTED BACK TO CROWN. UNCLEAR HOW THIS LEASE IS STILL ALIVE									
M00008-A	Status	Active	Lease date	May-10-2017	Gross rental	988.25	Hectares	Gross	Net	
	Name/ID	PSKM223936	Expiry date	May-09-2018	Net rental	706.07	Developed	164.708	117.679	
	Type	Natural Gas Lease	Extension date	May-10-2099	Next rental date	May-10-2021	Undeveloped	0.000	0.000	
	Area	Telfordville	Extension	Held By	Paid by	FREE REIN RESOURCES LTD.	Total	164.708	117.679	
	Prov/State	Alberta	Terminated	Production						
	Min int	100.00000000								
	Int type	Working Interest								
	Lands	TWP 50 RGE 2 W5M PTN 33 Natural Gas In Ellerslie Member ALL OF SW QUARTER			DOI	Percentage	Flags	Notes		
		PTN OF NW QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 40.9 HA (101 ACES) MORE OR LESS			SET UP - FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.	78.00000000% 22.00000000%	O			
		PTN OF NE QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 1.62 HA (4 ACES) MORE OR LESS			SET UP - Default FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.	71.44680000% 28.55320000%	O			
		PTN OF SE QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 57.5 HA (142 ACES) MORE OR LESS			rental - Rental FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.	78.00000000% 22.00000000%	O			
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	100/16-33-050-02W5/00	Ellerslie Member	Flowing	Gas	63.59380000	C00009 - A C00012 - A	Contract Contract	Active Active	Aug-28-2000 Jun-06-2018	Alternate A
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	Lessor	Gas	Fixed	17.5% based on 100% Sales	No	PRAIRIE SKY ROYALTY LTD.	100.00000000	FREE REIN RESOURCES LTD.	100.00000000	
	Remarks									
M00009-A	Status	Active	Lease date	Apr-13-1993	Gross rental	Hectares		Gross	Net	
	Name/ID	0493040127	Expiry date	Mar-31-1998	Net rental	Developed		93.200	55.920	
	Type	Petroleum & Natural Gas Lease	Extension date	Apr-01-2099	Next rental date	Undeveloped		0.000	0.000	
	Area	Telfordville			Paid by	Total		93.200	55.920	
					PETRUS RESOURCES CORP.					

Free Rein Resources Ltd.

Property Report - Mineral

Title:

	Prov/State Min int Int type	<b>Alberta</b> <b>100.00000000</b> <b>Working Interest</b>	Extension Terminated	Held By <b>Production</b>						
	Lands	<b>TWP 50 RGE 2 W5M PTN N 33</b> <b>TWP 50 RGE 2 W5M PTN SE 33</b> <b>P&amp;NG from Surface to Base Mannville</b> <b>Excluding Natural Gas from Surface to Base Ellerslie Member</b>			DOI	Percentage	Flags	Notes		
					<b>RENTAL -</b> <b>FREE REIN RESOURCES LTD.</b> <b>PETRUS RESOURCES CORP.</b> <b>INITIAL SET UP - Default</b> <b>PETRUS RESOURCES CORP.</b> <b>FREE REIN RESOURCES LTD.</b>	<b>60.00000000%</b> <b>40.00000000%</b>  <b>40.00000000%</b> <b>60.00000000%</b>	 <b>O</b>   <b>O</b>			
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
						<b>C00014 - A</b>	<b>Contract</b>	<b>Active</b>	<b>Jul-02-1997</b>	
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	<b>Crown Sliding Scale</b>	<b>All</b>	<b>Crown Sliding Scale</b>	<b>100% of Production</b>	<b>No</b>	<b>Alberta Energy</b>	<b>100.00000000</b>	<b>PETRUS RESOURCES CORP.</b>	<b>100.00000000</b>	
	Remarks									
<b>M00009-B</b>	Status	<b>Active</b>	Lease date	<b>Apr-13-1993</b>	Gross rental	<b>326.60</b>	Hectares	Gross	Net	
	Name/ID	<b>0493040127</b>	Expiry date	<b>Mar-31-1998</b>	Net rental	<b>0.00</b>	Developed	<b>0.000</b>	<b>0.000</b>	
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date	<b>Apr-01-2099</b>	Next rental date	<b>Apr-01-2021</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>	
	Area	<b>Telfordville</b>	Extension	<b>Held By</b>	Paid by	<b>PETRUS RESOURCES CORP.</b>	Total	<b>0.000</b>	<b>0.000</b>	
	Prov/State	<b>Alberta</b>		<b>Production</b>						
	Min int	<b>100.00000000</b>	Terminated							
	Int type	<b>Working Interest</b>								
	Lands	<b>TWP 50 RGE 2 W5M PTN N 33</b> <b>TWP 50 RGE 2 W5M PTN SE 33</b> <b>Natural Gas from Surface to Base Ellerslie Member</b>			DOI	Percentage	Flags	Notes		
					<b>SET UP - Default</b> <b>FREE REIN RESOURCES LTD.</b> <b>PETRUS RESOURCES CORP.</b> <b>RENTAL - Rental</b> <b>FREE REIN RESOURCES LTD.</b> <b>PETRUS RESOURCES CORP.</b> <b>INITIAL SET UP -</b> <b>PETRUS RESOURCES CORP.</b> <b>FREE REIN RESOURCES LTD.</b>	<b>71.44680000%</b> <b>28.55320000%</b>  <b>60.00000000%</b> <b>40.00000000%</b>  <b>40.00000000%</b> <b>60.00000000%</b>	 <b>O</b>   <b>O</b>   <b>O</b>			
	Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR
	<b>100/16-33-050-02W5/00</b>	<b>Ellerslie Member</b>	<b>Flowing</b>	<b>Gas</b>	<b>36.40620000</b>	<b>C00009 - A</b> <b>C00014 - B</b>	<b>Contract</b> <b>Contract</b>	<b>Active</b> <b>Active</b>	<b>Aug-28-2000</b> <b>Jul-02-1997</b>	
	Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source		
	<b>Crown Sliding Scale</b>	<b>Gas</b>	<b>Crown Sliding Scale</b>	<b>100% of Production</b>	<b>No</b>	<b>Alberta Energy</b>	<b>100.00000000</b>	<b>PETRUS RESOURCES CORP.</b>	<b>100.00000000</b>	
	Remarks									
<b>M00007-A</b>	Status	<b>Active</b>	Lease date	<b>Jul-27-1971</b>	Gross rental	<b>896.00</b>	Hectares	Gross	Net	
	Name/ID	<b>25425</b>	Expiry date	<b>Jul-26-1981</b>	Net rental	<b>537.60</b>	Developed	<b>256.000</b>	<b>153.600</b>	
	Type	<b>Petroleum &amp; Natural Gas Lease</b>	Extension date	<b>Jul-26-2099</b>	Next rental date	<b>Jul-27-2022</b>	Undeveloped	<b>0.000</b>	<b>0.000</b>	
	Area	<b>Telfordville</b>	Extension	<b>Held By</b>	Paid by	<b>FREE REIN RESOURCES LTD.</b>	Total	<b>256.000</b>	<b>153.600</b>	
	Prov/State	<b>Alberta</b>		<b>Production</b>						
	Min int	<b>100.00000000</b>	Terminated							
	Int type	<b>Working Interest</b>								

Free Rein Resources Ltd.

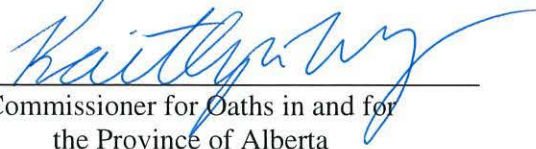
Property Report - Mineral

Title:

Lands					DOI	Percentage	Flags	Notes		
TWP 51 RGE 2 W5M 4 P&NG from Surface to Base Mannville					SET UP - Default / Rental FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.	60.00000000% 40.00000000%	O			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
100/04-04-051-02W5/00	Ellerslie Member	Flowing	Gas	100.00000000	C00006 - A	Contract	Active	Aug-10-1979	Alternate A	
102/07-04-051-02W5/00	Ellerslie Member	Abandoned	Gas	100.00000000	S00042	Surface	Active	Aug-08-1979		
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
Crown Sliding Scale	All	Crown Sliding Scale	100% of	No	Alberta Energy	FREE REIN RESOURCES LTD.	100.00000000			
Gross Overriding Royalty	All	Fixed	4% based on 40% Production	No	OBSIDIAN ENERGY LTD.	PETRUS RESOURCES CORP.	100.00000000 C00006 - A			
Remarks										
M00010-A	Status	Active	Lease date	Feb-06-1997	Gross rental	116.00	Hectares	Gross	Net	
	Name/ID	0497020175	Expiry date	Feb-05-2002	Net rental	29.00	Developed	33.280	8.320	
	Type	Petroleum & Natural Gas Lease	Extension date	Feb-06-2099	Next rental date	Feb-06-2022	Undeveloped	0.000	0.000	
	Area	Telfordville	Extension	Held By	Paid by	LONGRUN EXPLORATION LTD.	Total	33.280	8.320	
	Prov/State	Alberta	Terminated	Production						
	Min int	100.00000000								
	Int type	Pooled Working Interest								
	Lands					DOI	Percentage	Flags	Notes	
TWP 51 RGE 2 W5M PTN 5 5 Natural Gas from Surface to Base Banff PTN DESIGNATED AS NORTH SASKATCHEWAN RIVER					SET UP - Rental LONGRUN EXPLORATION LTD. A - Default LONGRUN EXPLORATION LTD. FREE REIN RESOURCES LTD.	100.00000000% 75.00000000% 25.00000000%	O O			
Well	Producing Formations	Status	Product	Prod Alloc %	Related Files	Type	Status	Date	ROFR	
100/16-05-051-02W5/00	Lower Mannville	Abandoned	Gas	12.87030000	C00015 - A	Contract	Active	Aug-27-2001		
100/16-05-051-02W5/02	Lower Mannville	Abandoned	Gas	12.87103000						
Royalty Type	Product	Method	Rate	Conv	Payee	Payor	Source			
Crown Sliding Scale	All	Crown Sliding Scale	100% of Production	No	Alberta Energy	LONGRUN EXPLORATION LTD.	100.00000000			
Remarks										

THIS IS **EXHIBIT "F"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023

A handwritten signature in blue ink, appearing to read "Kaitlyn Wong", is written over a horizontal line.

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388



March 7, 2023

Free Rein Resources Ltd.  
Suite 3900, 350-7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9

**Attention: Terry R. McCallum**

Dear Sirs/Mesdames:

Re: September 21, 2022 loan agreement (the "**Loan Agreement**") between Free Rein Resources Ltd. (the "**Borrower**") and Invico Diversified Income Limited Partnership (the "**Lender**")

We are writing with reference to your credit facilities as set out in the Loan Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

Reference is made to the following specific provisions of the Loan Agreement:

- "**Change of Control**" (b), a change in the composition of management of a Loan Party which in the opinion of the Lender would cause a Material Adverse Effect;
- "**Debt Service Coverage Ratio**" means, measured as at the end of each fiscal quarter of the Borrower, the ratio of:
  - (a) EBITDA; to
  - (b) scheduled principal payments and Interest Expense (including the scheduled payments under the MSA, but excluding, for greater certainty, principal payments on the Loans funded using Free Cash Flow) pursuant to Section 4.1(b) and other mandatory payments under the Loans pursuant to Section 4.4);
- "**Material Adverse Effect**" means a material adverse effect on: (i) the business, financial condition, operations, assets or properties of the Loan Parties, on a consolidated basis and taken as a whole; (ii) the ability of the Borrower to repay the Obligations or any other amount outstanding hereunder or the ability of the Loan Parties, or any of them, to perform their obligations under any Loan Document; (iii) the validity or enforceability of any term or provision of this Agreement, or any other of the Loan Documents; or (iv) any event that has caused or could reasonably be expected to cause a breach of any financial covenant set forth in Section 8.3;
- **8.3 Financial Covenants**

So long as this Agreement is in force, the Borrower shall maintain:

  - (b) a Debt Service Coverage Ratio of not less than 1.25:1:00, commencing with the fiscal quarter of the Borrower ending December 31, 2022, and thereafter.
- **9.1 Events of Default**

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

  - (b) **Breach of Covenants:** if a Loan Party neglects to observe or perform any covenant or obligation in any Loan Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 9.1) and such Loan Party fails to remedy such default within ten (10) Business Days from the date of occurrence;

- (n) **Change of Control:** if there is a Change of Control of any Loan Party;
- (o) **Material Adverse Effect:** if, in the reasonable opinion of the Lender, a Material Adverse Effect occurs; or

We have been advised of the following events associated with the operations of the Borrower:

1. dismissal or departure of two members of senior management; and
2. the Borrower's recent drilling program with respect to three wells, utilizing proceeds under the Loan Agreement, incurred capital costs significantly higher than expected and resulted in production significantly lower than projected.

These operational events constitute a Material Adverse Effect pursuant to the Loan Agreement and thus may be construed as an Event of Default. Furthermore, the most recent Compliance Certificate, due February 28, 2023, indicated that the Borrower breached the required Debt Service Coverage Ratio for the fiscal quarter ended December 31, 2022, which constitutes an Event of Default.

The Lender acknowledges and agrees to tolerate the Events of Default stated above, on and subject to the terms hereof. The Lender does not waive any of the Lender's rights pursuant to the Loan Agreement for enforcement of the Security in relation to such Events of Default.

The Lender reserves all rights to demand payment of borrowings outstanding under the Loan Agreement in the event of other breaches or defaults now existing or hereafter arising under the Loan Agreement. In the event that there are any further breaches of the Loan Agreement or the Security, as the case may be, the Lender remains entitled to seek immediate repayment of the outstanding obligations under the Loan Agreement, together with interest and fees and any costs (including legal fees on a solicitor and client full indemnity basis), which may be incurred by the Lender in respect of any collection of the outstanding obligations. No failure or delay on the part of the Lender in exercising any right, remedy, option, power or privilege under the Loan Agreement, under the Security or under Applicable Law, and no course of dealing between the Lender, on the one hand, the Borrower, on the other hand, shall operate as a waiver of or amendment to any such right, remedy, option, power or privilege, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof.

We require that the Borrower provide the following:

1. On or before March 17, 2023:
  - (a) Borrower's written plan to remedy such Material Adverse Effect and financial covenant breach, including: (i) the strategy for replacing senior technical leadership recently departed, (ii) the strategy for bringing on sufficient production to restore compliance with the Debt Service Coverage Ratio and ensure that the Asset Coverage Ratio is in compliance at subsequent fiscal quarters ending in 2023;
  - (b) An Excel workbook containing a projection for 2023, prepared on a monthly basis, including an income statement, balance sheet and statement of cash flows, as well as forecasted financial covenants shown to be in compliance; and
  - (c) A written report outlining the details and status of any outstanding litigation;
2. On or before March 31, 2023, a term sheet for an equity injection of a minimum of \$5,000,000 (Five Million Dollars);
3. On or before April 30, 2023, confirmation of the equity injection for a minimum of \$5,000,000 (Five Million Dollars) having been completed.

Unless the Borrower contemplates using the proceeds of the aforementioned equity injection to pay down the Loan to an amount that would bring the forecast financial covenants into compliance, the Loan Agreement shall be amended to provide an equity cure mechanism to address the preceding financial covenant breaches and require the payment of an amendment fee.

Notwithstanding the foregoing, the Lender reserves the right to issue a demand in relation to the Loan Agreement and the obligations thereunder at any time. The Lender hereby retains and reserves all of its rights, remedies, powers and privileges under the Loan Agreement, under any of the Security and under Applicable Law.

Please return the enclosed duplicate letter signed as indicated below on or before 4:00 p.m. (MT) on March 10, 2023, failing which, this letter shall be of no further force and effect.

We trust the forgoing is satisfactory.


Yours truly,

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

Per:   
Name: Allison Taylor  
Title: CEO

Acknowledged and Agreed this 18<sup>th</sup> day of March, 2023

**FREE REIN RESOURCES LTD.**

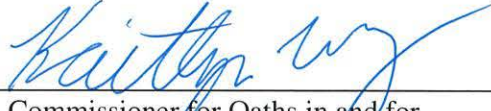
Per:   
Name: Terry McCullum  
Title: CFO

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



THIS IS **EXHIBIT "G"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

**AMENDED AND RESTATED LOAN AGREEMENT**

between

**FREE REIN RESOURCES LTD.,  
as Borrower**

and

**INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP,  
as Lender**

**Dated effective as of March 31, 2023**

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## AMENDED AND RESTATED LOAN AGREEMENT

**THIS AMENDED AND RESTATED LOAN AGREEMENT** is: (i) executed on April 18, 2023; and (ii) made effective as of March 31, 2023 (the "**Effective Date**").

### **BETWEEN:**

**FREE REIN RESOURCES LTD.**, a corporation formed under the laws of the Province of Alberta (the "**Borrower**")

- and -

**INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP**, a limited partnership formed under laws of the Province of Alberta (the "**Lender**")

**WHEREAS** the Borrower and the Lender entered into a loan agreement dated September 21, 2022 (as amended, varied, modified, supplemented or restated prior to the Effective Date, the "**Original Loan Agreement**"), pursuant to which the Lender agreed to loan the Borrower the Loan (as such term is defined herein);

**AND WHEREAS** an Event of Default (as such term is defined herein) has occurred and is continuing under Sections 9.1(b), 9.1(n) and 9.1(o) of the Original Loan Agreement as a result of the Borrower's: (i) failure to notify the Lender of the dismissal or departure of two members of senior management; and, (ii) recent drilling program with respect to three wells utilizing proceeds under the Original Loan Agreement and incurring capital costs significantly higher than expected resulting in production significantly lower than projected (such Event of Default collectively, the "**Existing Event of Default**");

**AND WHEREAS** the Borrower, the Lender and Tartan (as such term is defined herein) entered into the Existing Tartan Subordination Agreement (as such term is defined herein) to set forth the relative priorities of Tartan and the Lender;

**AND WHEREAS** the Borrower has requested and the Lender has agreed that, during the Forbearance Period (as such term is defined herein) and subject to the terms and conditions of this Agreement, the Lender shall forbear from exercising its rights and remedies under this Agreement and the other Loan Documents as a result of the Existing Event of Default;

**AND WHEREAS**, the Borrower and the Lender have agreed to enter into this Agreement to amend and restate certain provisions of the Original Loan Agreement on and subject to the terms and conditions of this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, and the following words and phrases shall have the following meanings:

**"Abandonment and Reclamation Report"** means a report pertaining to the ARO of the Loan Parties in respect of upstream oil and gas wells, facilities, and pipelines, segmented and in sufficient detail as requested by the Lender, acting reasonably which shall include: (a) the total number of such wells, categorized between active (producing) and inactive (non-producing) wells, and in each case, segregated between (i) operated and non-operated wells and (ii) gross and net wells; (b) abandonment and reclamation liability related to all such wells (expressed using uninflated and undiscounted values in nominal dollars), segregated between (i) active and inactive wells, (ii) operated and non-operated wells and (iii) gross and net wells; (c) abandonment and reclamation liabilities (expressed using uninflated and undiscounted values in nominal dollars) of the Loan Parties for active facilities and pipelines, inactive facilities and pipelines and sites requiring reclamation only; and (d) a list of third party operators for non-operated wells, facilities and pipelines of the Loan Parties (including gross number of wells, facilities and pipelines operated by each of them);

**"Abandonment/Reclamation Order"** means any order, directive or demand to post security deposits issued by an Energy Regulator which relates to any Borrowing Base Assets, including abandonment and reclamation liabilities associated therewith;

**"Affiliate"** has the meaning given to that term in the *Business Corporations Act* (Alberta);

**"Agreement"** means this loan agreement, including its recitals and schedules, as the same may be amended, modified, supplemented, restated or replaced, from time to time;

**"Amendment Fee"** has the meaning given to that term in Section 3.4(g);

**"AML Laws"** means all laws, rules and regulations relating to money laundering or terrorist financing, including, without limitation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), Part II.1 of the *Criminal Code* (Canada), the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism* (Canada) and the *United Nations Al-Qaida and Taliban Regulations* (Canada);

**"Anti-Corruption Laws"** means all laws, rules and regulations relating to bribery or corruption, including, without limitation, the *Corruption of Foreign Public Officials Act* (Canada);

**"Applicable Law"** means:

- (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise);
- (b) any judgment, order, writ, injunction, decision, ruling, decree or award;
- (c) any regulatory policy, practice, guideline or directive; or

- (d) any franchise, license, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority,

binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law;

"**ARO**" means at any time the present and future, direct or indirect, absolute or contingent obligations of any Loan Party to abandon, restore, reclaim or otherwise remediate the wells, facilities, pipelines, storage sites and other property on, or in respect of, which such Loan Party carries on business;

"**ARO Budget**" means, at any time, the decommissioning budget setting out in reasonable detail the amount of ARO of the Loan Parties;

"**ARO Schedule**" means, at any time, the decommissioning schedule setting out in reasonable detail the wells, facilities, pipelines, storage sites and other property of the Loan Parties that have associated ARO, which shall include a well and facilities list that is used by the Loan Parties in determining ARO to be included on the Borrower's consolidated balance sheet;

"**Asset Coverage Ratio**" means, measured as at the end of each fiscal quarter of the Borrower, the ratio of:

- (a) the Borrowing Base to;
- (b) the principal amount outstanding under the Loans, minus the Default Reserve, minus unrestricted cash on hand of the Borrower, on a consolidated basis, subject to the DACA (or any replacement thereof satisfactory to the Lender);

"**Assignee**" shall have the meaning assigned to such term in Section 11.1;

"**Associate**" has the meaning given to that term in the *Business Corporations Act* (Alberta);

"**ATB NIL**" means the September 19, 2022 no interest letter provided by ATB Financial to the Lender and the Borrower, receipt of which is acknowledged by the Lender;

"**BBS Cure Period**" has the meaning ascribed to such term in Subsection (p) of the definition of "Event of Default" in Section 9.1 herein;

"**Borrower Workout Plan**" means the Borrower's undated response to the Reservation of Rights Notice;

"**Borrowing Base**" means the amount, determined and redetermined, as applicable, by the Lender from time to time pursuant to Section 2.3 hereof on the basis of the present value, discounted at 12% per annum, of the Borrowing Base Assets, as determined by an independent qualified engineer (or the data, information and reports provided pursuant to Section 8.1(w)(viii) hereof) most recently provided to the Lender for year-end reserve reporting and internal adjustments for production, pricing and costs, as applicable, for the fiscal quarters ending March, June, September and December, using a price deck based on the forward/future commodity prices available from a reference acceptable to the Lender (no later than three days prior to the date of such required calculation), after deducting therefrom such capital expenditures, operating and other expenses and charges, royalties, burdens or encumbrances on or in respect of any of the Borrowing Base Assets

or deductible in arriving at revenues obtained therefrom, and such abandonment and reclamation costs in respect thereof, as the Lender determines, acting reasonably;

**"Borrowing Base Assets"** means all and only:

- (a) the P&NG Rights of the Borrower to which any proved producing reserves are attributed in the engineering report (or the data, information and reports provided pursuant to Sections 8.1(w)(iii)(A) and 8.1(w)(viii) hereof) most recently provided to the Lender; and
- (b) the Tangibles and Miscellaneous Interests of the Borrower which are directly or indirectly attributed any value in the engineering report (or the data, information and reports provided pursuant to Sections 8.1(w)(iii)(A) and 8.1(w)(viii) hereof) most recently provided to the Lender and, unless otherwise agreed by the Lender, located and primarily used in connection with any reserves described in paragraph (a) of this definition,

in each case, which the Lender has included in the determination of the Borrowing Base;

**"Borrowing Base Shortfall"** has the meaning ascribed to such term in Subsection (p) of the definition of "Event of Default" in Section 9.1 herein;

**"Business Day"** means a day, excluding Saturday and Sunday and statutory holidays in the Province of Alberta;

**"Capital Leases"** means any leases, licenses or similar transaction determined as a capital lease or any sale and leaseback transaction or any other lease (whether a synthetic lease or otherwise) other than any lease that would in accordance with GAAP, be determined to be an operating lease;

**"Capital Program"** means the drilling and completion program of up to 14 wells in the Nisku, Mannville, or Glauconitic formations and the expansion of facilities related to such wells;

**"Capitalized Period"** means the period from the Effective Date up to and including May 31, 2023;

**"Change in Law"** means the occurrence, after the date of this Agreement, of any of the following:

- (a) the adoption or taking effect of any Applicable Law,
- (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority; or
- (c) the making or issuance of any Applicable Law by any Governmental Authority;

**"Change of Control"** means the occurrence of any of the following events:

- (a) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), acquires, directly or indirectly, securities of the Borrower to which are attached more than 50% or of the votes that may be cast to elect the directors of the Borrower; or
- (b) a change in the composition of management of a Loan Party which in the opinion of the Lender would cause a Material Adverse Effect;

**"Closing Date"** means the date on which the Drawdown Conditions Precedent are satisfied or waived by the Lender, as the case may be;



**"Commitment Fee"** shall have the meaning assigned to such term in Section 3.4(b);

**"Commodity Swap"** means an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in commodity prices, whether physically or financially settled;

**"Compliance Certificate"** means the certificate required pursuant to Section 8.1(w), substantially in the form attached as Schedule "A", signed by a senior officer of the Borrower;

**"Conditions Subsequent"** shall have the meaning assigned to such term in Section 5.3;

**"Consolidated Net Tangible Assets"** means the total assets of the Borrower (net of depreciation, depletion and amortization), less the value attributed to intangible assets (including without limitation, goodwill, patents, trademarks, intellectual property, organization expenses, trade names, deferred costs, deferred charges and other similar intangible assets) as determined on a consolidated basis, in accordance with GAAP;

**"Contaminant"** includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law;

**"Convertible Notes"** means the unsecured promissory notes with interest payable thereon at 8% per annum issued by the Borrower pursuant to the January 31, 2021 convertible promissory note purchase agreement among the Borrower and the noteholders thereunder. As of the Initial Drawdown Date, the Borrower has issued 19 Convertible Notes in the aggregate principal amount of \$1,570,000;

**"Currency Swap"** means a contract entered into between a Person and a counterparty on a case by case basis in connection with forward rate, currency swap or currency exchange and other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in exchange rates;

**"DACA"** means the deposit account control agreement among ATB Financial, the Lender and the Borrower dated on the Initial Drawdown Date, respecting the deposit account of the Borrower at ATB Financial;

**"Debt Service Coverage Ratio"** means, measured as at the end of each fiscal quarter of the Borrower, the ratio of:

- (a) EBITDA; to
- (b) scheduled principal payments and Interest Expense (including the scheduled payments under the MSA, but excluding, for greater certainty, principal payments on the Loans funded using Free Cash Flow) pursuant to Section 4.1(b) and other mandatory payments under the Loans pursuant to Section 4.4);

**"Default Interest Rate"** means the Interest Rate plus 3% per annum;

**"Default Reserve"** shall have the meaning assigned to such term in Section 3.3;

**"Drawdown Conditions Precedent"** shall have the meaning assigned to such term in Section 5.1;

**"Drawdown Notice"** means a drawdown notice in the form attached hereto as Schedule "C";

**"EBITDA"** means, with respect to the Borrower for any period, the net income of the Borrower on a consolidated basis determined in accordance with GAAP before Interest Expense, Taxes, depreciation, amortization and noncash expenses acceptable to the Lender, provided that, (i) for the fiscal quarters of the Borrower ending June 30, 2023, September 30, 2023 and December 31, 2023, EBITDA shall be calculated on the basis of the applicable EBITDA for such period, on a cumulative basis, and (ii) for the fiscal quarter of the Borrower ending March 31, 2024 and thereafter, EBITDA shall be calculated on a trailing twelve months' basis;

**"Energy Regulator"** means (a) with respect to Alberta, the Alberta Energy Regulator, (b) with respect to British Columbia, the BC Oil and Gas Commission, (c) with respect to Saskatchewan, the Saskatchewan Ministry of Energy and Resources, and (d) with respect to any other relevant jurisdictions where the Borrower has Borrowing Base Assets, the regulatory body with responsibility for the oversight of environmental matters in the oil and gas industry in such jurisdiction; and in each case, together with any successor agency, department, ministry or commission thereto;

**"Environment"** means each and every component of the earth, including all layers of the atmosphere, air, land (including all underground spaces and cavities and all lands submerged under water), soil, water (including surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include the components referred to in this definition;

**"Environmental Certificate"** means the form of environmental certificate executed by a senior officer of Borrower in the form attached as Schedule "D".

**"Environmental Claim"** means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, security interests, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit or Governmental Authorization issued under any such Environmental Laws including:

- (a) any claim by a Governmental Authority for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and
- (b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Contaminants, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the Environment;

**"Environmental Laws"** means any and all federal, provincial, state, local and foreign statutes, laws, regulations, ordinances, rules, decrees or other governmental restrictions relating to the Environment, to the Release of any materials into the Environment or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals, industrial substances, toxic substances, hazardous substances or wastes;

**"Environmental Order"** means an order, directive or instruction issued by a Governmental Authority pursuant to or in respect of any Environmental Law;

**"Equity Raise"** means the proposed equity injection by Enoch Equity Investment (as this capitalized term is described in the Borrower Workout Plan) of a minimum amount of \$5,000,000

into the Borrower pursuant to the Borrower Workout Plan, or such other equity injection, including subordinated shareholders' loans, satisfactory to the Lender, in its sole and unfettered discretion;

**"Event of Default"** means any of the events or circumstances specified in Section 9.1;

**"Excluded Taxes"** means, with respect to the Lender, (i) taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which its lending office is located, and (ii) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located;

**"Existing Event of Default"** shall have the meaning assigned to such term in the recitals;

**"Existing GORR"** means the gross overriding royalty provided by the Borrower in all Petroleum Substances produced, saved and marketed from the well described in schedule "A" to the royalty agreement dated as of March 8, 2023 between the Borrower, as royalty payor, and those parties set forth and described in Schedule "A" thereof, as the royalty owner;

**"Existing Security"** shall have the meaning assigned to such term in Section 6.1;

**"Existing Tartan Subordination Agreement"** means the postponement, subordination and standstill agreement among the Lender, Tartan and the Borrower dated on the Initial Drawdown Date (as amended, modified, supplemented, restated or replaced, from time to time);

**"Fair Value"** means, as at the end of the applicable fiscal quarter, the Net Operating Income, multiplied by 4 (to annualize the same), then multiplied by 3 (which represents a market-based cash flow multiple to value the Borrowing Base Assets);

**"Financial Assistance"** means providing or agreeing to provide (either directly or indirectly) financial assistance to any Person (including, without limitation, financial assistance by way of a share purchase, equity contribution, loan, Guarantee or credit support arrangement of any nature whatsoever) the purpose of which is to assist such Person with the repayment of Indebtedness;

**"Forbearance Period"** shall have the meaning assigned to such term in Section 2.8;

**"Free Cash Flow"** means, with respect to the Borrower for any period, without duplication, EBITDA, less (a) all interest and principal payments on the Loans; and less (b) non-cash income; and plus (c) non-cash expenses;

**"Generally Accepted Accounting Principles"** or **"GAAP"** means generally accepted accounting principles which are in effect from time to time in Canada, including, if applicable, International Financial Reporting Standards;

**"GORR"** means a gross overriding royalty;

**"Governmental Authority"** means (i) any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and (ii) any quasi-governmental or private body exercising any

regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them;

**"Governmental Authorization"** means in respect of any transaction, Person or event, any authorization, exemption, license, permit, franchise or approval from, or any filing or registration with, any Governmental Authority applicable to such transaction, Person or event or to any of such Person's business, undertaking or property, and **"Governmental Authorizations"** means any and all of the foregoing;

**"Guarantee"** means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any person; provided that the amount of Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation;

**"Guarantors"** means any other Person who may guarantee payment or performance of the whole or any part of the Obligations, including Material Subsidiaries, and shall extend to all permitted successors and assigns of any such Person and **"Guarantor"** means any of them;

**"Indebtedness"** means, as at any particular time and as determined on a consolidated basis in respect of the Borrower in accordance with GAAP (without duplication): (a) indebtedness for borrowed money, (b) obligations under Capital Leases, (c) obligations under letters of credit, Guarantees, legally binding comfort letters or indemnities issued in connection therewith, (d) obligations arising pursuant to bankers' acceptances or indemnities issued in connection therewith, (e) obligations incurred under Swaps, and (f) all other contingent obligations incurred for the purpose of or having the effect of providing Financial Assistance to another entity, including without limitation, Guarantees, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business) and obligations to make advances or otherwise provide Financial Assistance to any other entity; but excluding, for certainty, (g) accounts payable and accrued liabilities incurred in the ordinary course of business, (h) current taxes payable and deferred taxes, (i) dividends payable, (j) accrued interest payable, (k) the unrealized portion of any hedging gains or losses, (l) liabilities in respect of decommissioning liabilities, allowances for dismantlement and site restoration and other deferred credits and liabilities, and (m) such other similar liabilities as may be agreed by the Lender from time to time;

**"Indemnites"** shall have the meaning assigned to such term in Section 10.2;

**"Initial Drawdown"** means the initial advance of \$6,100,000 made on the Initial Drawdown Date;

**"Initial Drawdown Date"** means September 21, 2022;

**"Interest Expense"** means, with respect to the Borrower for any period, without duplication, interest expense of the Borrower calculated on a consolidated basis and in accordance with GAAP as the same would be set forth or reflected in a consolidated statement of net income of the Borrower and, in any event and without limitation, shall include:

- (a) all interest accrued or payable in respect of such period;
- (b) all fees accrued or payable in respect of such period and which relate to any debt, prorated (as required) over such period;

- (c) any difference between the face amount and the discount proceeds of any bankers' acceptances and other obligations issued at a discount, prorated (as required) over such period;
- (d) the interest component of obligations under Capital Leases and any other financing lease obligations comprising Indebtedness (whether a synthetic lease or otherwise and whether categorized as a true lease or a financing lease for income tax purposes); and
- (e) all net amount charged or credited to interest expense under any Interest Swaps in respect of such period;

**"Interest Rate"** means Prime plus 8.3% per annum, adjusted monthly for any changes in Prime quoted on the first day of each month, subject to a minimum floor of 12% per annum;

**"Interest Swap"** means a contract entered into between a Person and a counterparty, on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions, floor transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in interest rates;

**"Lien"** means, with respect to any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any of such Person's property, or any consignment by way of security or Capital Lease of property by such Person as consignee or lessee, as the case may be, or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or other obligation;

**"LLR"** means:

- (a) with respect to those assets located in the Province of British Columbia, the liability management rating of a licensee calculated in accordance with the rules and regulations of the British Columbia Oil & Gas Commission, the same may be amended, supplemented or replaced from time to time;
- (b) with respect to those assets located in the Province of Alberta, the liability management rating of a licensee calculated in accordance with Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process dated February 17, 2016 issued by the Alberta Energy Regulator, as the same may be amended, supplemented or replaced from time to time;
- (c) with respect to those assets located in the Province of Saskatchewan, means the licensee liability rating of a licensee calculated in accordance with section 117 of the Oil and Gas Conservation Regulations, 2012 (Saskatchewan) and the Saskatchewan Licensee Liability Rating (LLR) Program Guideline PNG025 dated November 2015 issued by the Saskatchewan Ministry of Economy, as the same may be amended, supplemented or replaced from time to time; and
- (d) with respect to those assets located in any jurisdiction other than the Provinces of British Columbia, Alberta or Saskatchewan, as the case may be, the licensee liability rating (or applicable jurisdictional equivalent) of a licensee in such jurisdiction in compliance with all Environmental Laws;

**"Loans"** and **"Loan"** shall have the meaning assigned to such terms in Section 2.1;

**"Loan Documents"** means this Agreement, the Security and all present and future agreements, documents, certificates and instruments delivered by the Loan Parties to the Lender pursuant to or in respect of this Agreement or the Security, in each case as the same may from time to time be amended, and **"Loan Document"** means any one of the Loan Documents;

**"Loan Parties"** means the Borrower and the Guarantors, if any, and **"Loan Party"** means any of them;

**"Material Adverse Effect"** means a material adverse effect on: (i) the business, financial condition, operations, assets or properties of the Loan Parties, on a consolidated basis and taken as a whole; (ii) the ability of the Borrower to repay the Obligations or any other amount outstanding hereunder or the ability of the Loan Parties, or any of them, to perform their obligations under any Loan Document; (iii) the validity or enforceability of any term or provision of this Agreement, or any other of the Loan Documents; or (iv) any event that has caused or could reasonably be expected to cause a breach of any financial covenant set forth in Section 8.4;

**"Material Contracts"** means all contracts and agreements the breach or default of which would reasonably be expected to result in a Material Adverse Effect;

**"Material Jurisdiction"** means the Province of Alberta and any other jurisdiction where the Loan Parties, in aggregate, own or operate assets, property and undertakings with aggregate associated undiscounted and uninflated abandonment and reclamation liabilities (expressed in nominal dollars) exceeding the \$500,000;

**"Material Subsidiary"** means, at any time, any Subsidiary, other than the Borrower, of any Loan Party whose total assets constitute more than 5% of the Consolidated Net Tangible Assets, or whose total revenue (calculated on its preceding consecutive twelve month period) constitutes more than 5% of the consolidated revenue of the Loan Parties for the then preceding consecutive twelve month period, or who has provided a Guarantee and Security to the Lender;

**"Maturity Date"** shall have the meaning assigned to such term in Section 2.5;

**"Miscellaneous Interests"** means, in respect of any P&NG Rights or Tangibles, all interests, property and rights at such time held by the Loan Parties, whether contingent or absolute, legal or beneficial, present or future which affect or are related to or are associated with such P&NG Rights or Tangibles, including the following property, rights, and assets:

- (a) all present and future contracts, agreements and documents (including Title and Operating Documents and insurance contracts) relating to any of such P&NG Rights or Tangibles or any rights in relation thereto;
- (b) all present and future surface rights which are used or useful in connection with any of such P&NG Rights or Tangibles;
- (c) all present and future permits, licenses, authorizations and deposits relating to any of such P&NG Rights or Tangibles, including in respect of facilities, wells and pipelines, or the export, removal, transportation, purchase or sale of Petroleum Substances;
- (d) all Petroleum Substances in the course of production from any of such P&NG Rights;

- (e) books, maps, records, documents, seismic, geological, engineering, data processing, well, plant and other reports, data, information, computer programs or other records which relate to or are used or useful in connection with any of such P&NG Rights or Tangibles; and
- (f) all extensions, renewals, amendments or replacements of or to any of the foregoing items described in paragraphs (a) through (e) of this definition;

"**MSA**" means the master services agreement between Tartan and the Borrower dated August 5, 2021, as amended by the first amending agreement dated December 1, 2021 and the second amending agreement dated on the Initial Drawdown Date;

"**Net Operating Income**" means, with respect to the Borrower on a consolidated basis and as at the applicable fiscal quarter, net revenue from Production Payments, less royalties paid, operating and transportation costs, consistent with historical presentation of such income items in the financial information provided by the Borrower to the Lender, from time to time;

"**Noteholder Subordination Agreements**" means the 19 assignment, postponement and subordination agreements in respect of the Convertible Notes that were provided pursuant to Section 5.1(m)(vi) of the Original Loan Agreement;

"**Obligations**" means all obligations of the Borrower to the Lender under or in connection with this Agreement, the other Loan Documents or any other loan or security documents entered into between the Lender and the Borrower, including all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender, in any currency or remaining unpaid by the Borrower to the Lender, whether arising from dealings between the Lender and the Borrower or from any other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Borrower, and wherever incurred, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, and all interest, fees, legal and other costs, charges and expenses relating thereto;

"**Oil and Gas Ownership Certificate**" means the form of oil and gas ownership certificate executed by a senior officer of the Borrower in the form attached as Schedule "E";

"**Operating Lease**" means any lease or similar arrangement which in accordance with GAAP, is not required to be classified and accounted for as a Capital Lease, where the lessee is the Borrower or a Subsidiary of the Borrower. Notwithstanding the foregoing, pursuant to IFRS 16, any lease that would have qualified and been treated as an Operating Lease prior to IFRS 16, notwithstanding the change in treatment of Capital Leases in accordance with GAAP, will continue to be treated as an Operating Lease until the Maturity Date;

"**Original Loan Agreement**" shall have the meaning assigned to such term in the recitals;

"**ORRI**" means an overriding royalty interest;

**"P&NG Rights"** means the entire right, title, estate and interest of the Loan Parties (whether legal or beneficial, contingent or absolute, present or future, vested or not and whether or not an interest in land) in and to all:

- (a) rights to explore for, drill for, produce, save, take or market Petroleum Substances;
- (b) rights to a share, when produced, of Petroleum Substances;
- (c) rights to a share of proceeds of, or to receive payments calculated by reference to the quantity or value of, production from Petroleum Substances when produced;
- (d) rights in lands or documents of title relating thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the rights described in subparagraphs (a) through (d) of this definition,

and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, Production Payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests; fractional or undivided interests in any of the foregoing; freehold, leasehold or other interests; and options in respect of the foregoing;

**"Participation Fee"** means additional compensation payable by the Borrower to the Lender in an amount equal to 10% of the amount by which the Fair Value as at the fiscal quarter end preceding the Participation Fee Payment Date exceeds the Fair Value as at the fiscal quarter end preceding the Initial Drawdown Date, provided that such Participation Fee shall not exceed the amount that equates to the internal rate of return of the net cash advances (including deduction of the Commitment Fee pursuant to Section 3.4(b) and the Default Reserve) and cash payments of principal and interest collected pursuant to this Agreement from the Initial Drawdown Date to the Participation Fee Payment Date, together with the Participation Fee, to 25% per annum;

**"Participation Fee Payment Date"** means the date that is the earliest of:

- (a) repayment in full of the Obligations;
- (b) the Maturity Date; or
- (c) demand for repayment of the Loans by the Lender following the occurrence of an unremedied Event of Default;

**"Parties"** means the Lender and the Loan Parties;

**"Payment Reserve"** shall have the meaning assigned to such term in Section 3.2(a);

**"Permitted Dispositions"** means, in respect of the Loan Parties:

- (a) the sale or disposition in the ordinary course of business of its share of current production of Petroleum Substances from its oil and gas properties, provided that such sales are not made as a means of borrowing or raising monies or providing, directly or indirectly, Financial Assistance to any Person;



- (b) the sale or disposition in the ordinary course of business of any tools, implements, equipment, machinery or other tangible personal property which may have become worn out, unserviceable, obsolete, unsuitable or unnecessary in operations or activities relating to its oil and gas properties, provided that such sale, lease, sublease, trade or other disposition is in keeping with prudent industry practice;
- (c) abandonments, surrenders or terminations of P&NG Rights or interests therein which are effected in the ordinary course of business in accordance with prudent industry practice and which dispositions are effected with respect to P&NG Rights which are not capable of production in economic quantities;
- (d) the sale or disposition of P&NG Rights (including, without limitation, pursuant to a GORR or an ORRI provided that such GORR or ORRI is in compliance with Section 8.3(g) hereof) in the ordinary course of business which do not comprise or relate to Borrowing Base Assets;
- (e) on 30 days prior notice by the Borrower to the Lender (and completion of any redetermination of the Borrowing Base by the Lender as a result pursuant to this Agreement), the sale or disposition of the Telfordville Assets;
- (f) the sale or disposition of P&NG Rights (including, without limitation, pursuant to a GORR or an ORRI provided that such GORR or ORRI is in compliance with Section 8.3(g) hereof) in the ordinary course of business which are not capable of production in economic quantities;
- (g) the sale or disposition resulting from any pooling or unitization of P&NG Rights which are Borrowing Base Assets in the ordinary course of business which is necessary or, in the reasonable judgement of the applicable Loan Party, advisable to facilitate the orderly exploration, development or operation of such P&NG Rights, provided that the value to any Loan Party of its interests in the P&NG Rights which are subject to the pooling or unitization immediately after the pooling or unitization (taking into account obligations associated therewith) is not less than the value of its interest in such P&NG Rights immediately before the pooling or unitization;
- (h) the sale or disposition by a Loan Party of its interest in any Tangibles or Miscellaneous Interests which are Borrowing Base Assets for which obligations pursuant to a Purchase Money Security Interest had been incurred and which obligations are fully repaid concurrently with such sale or disposition;
- (i) the sale or disposition by a Loan Party to another Loan Party; or
- (j) the sale or disposition of any assets or properties (excluding any sale or disposition included in any of paragraphs (a) through (i) above, but including any sale or disposition pursuant to the exercise of any right of first refusal), where the fair market value of the assets or properties so sold or disposed of does not, in aggregate, in any fiscal year, exceed \$200,000,

provided, in each case, that no Borrowing Base Shortfall or Event of Default has occurred and is continuing;

**"Permitted Indebtedness"** means, subject to the provisions of Section 9.2(a)(ii), any one of the following:

- (a) Indebtedness under this Agreement;
- (b) Indebtedness under the MSA in an amount not to exceed \$2,525,000 (following the repayment pursuant to Section 5.1(e) of the Original Loan Agreement), subject to the Existing Tartan Subordination Agreement;
- (c) Indebtedness under the Convertible Notes in an aggregate principal amount not to exceed \$1,570,000, subject to the Noteholder Subordination Agreements;
- (d) Indebtedness in respect of Purchase Money Security Interests, including Capital Leases, granted in an amount not to exceed \$200,000 in the aggregate at any time;
- (e) Indebtedness owing by one Loan Party to another Loan Party;
- (f) Indebtedness under any Swap expressly permitted under this Agreement;
- (g) Indebtedness in an aggregate principal amount not to exceed \$25,000 due and payable to ATB Financial with respect to corporate Mastercard obligations, subject to the ATB NIL; and
- (h) other subordinated Indebtedness or subrogated Indebtedness to the extent consented to in writing by the Lender in its discretion;

**"Permitted Liens"** means, with respect to any Person, any one of the following:

- (a) Liens for Taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and for which the Person has set aside adequate reserves and which do not have, and will not reasonably be expected to have, a Material Adverse Effect;
- (b) undetermined or inchoate Liens, rights of distress and charges incidental to current operations that have not at such time been filed or exercised or that relate to obligations not due or payable, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and for which the Person has set aside adequate reserves and which do not have, and will not reasonably be expected to have, a Material Adverse Effect;
- (c) reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein, that do not materially affect the use of the affected land for the purpose for which it is used by that Person;
- (d) licenses, easements, rights-of-way and rights in the nature of easements (including licenses, easements, rights-of-way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) that do not materially impair the

use of the affected land for the purpose for which it is used by that Person and do not materially reduce the value of the affected property;

- (e) title defects, irregularities or other matters relating to title that are of a minor nature and that in the aggregate do not materially impair the use of the affected property for the purpose for which it is used by that Person and do not materially reduce the value of the affected property;
- (f) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (g) Liens resulting from the deposit of cash or securities at any time in connection with contracts, tenders or expropriation proceedings, or to secure workmen's compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, Liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar Liens, and public, statutory and other like obligations incurred in the ordinary course of business;
- (h) security given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of its business which do not materially reduce the value of the affected asset or materially interfere with the use of such asset in the operation of the business of the Person;
- (i) the Lien created by a judgment of a court of competent jurisdiction, provided, however, that the Lien is in existence for less than 30 days after its creation or the execution or other enforcement of the Lien is effectively stayed and the claims so secured are being actively contested in good faith and by proper legal proceedings and do not result in the occurrence of an Event of Default;
- (j) Liens securing Capital Leases or Purchase Money Security Interests which constitute Permitted Indebtedness;
- (k) Liens created or arising in the ordinary course of the oil and gas business in respect of the joint operation of oil and gas properties and related production and processing facilities or arrangements for the processing, treating, transmission or transportation of hydrocarbon substances, provided such Liens are not in respect of obligations which are due or delinquent and do not materially reduce the value of the oil and gas properties affected by such Liens;
- (l) penalties arising in the ordinary course of business under non-participation or independent operations provisions of operating agreements as a consequence of an election not to participate in drilling or other operations;
- (m) the provisions of operating agreements, pooling agreements, unitization agreements and other similar arrangements entered into in the ordinary course of the oil and gas business which do not materially affect the value of the oil and gas properties which are subject thereto;

- (n) royalties pursuant to any P&NG Rights, net profits interests and similar encumbrances and rights to convert any of them to working interests (including, without limitation, pursuant to a GORR or an ORRI provided that such GORR or ORRI is in compliance with Section 8.3(g) hereof) which are created in the ordinary course of the oil and gas business and which: (i) do not affect the value of the oil and gas properties which are subject thereto so as to cause a Material Adverse Effect, or (ii) are created over P&NG Rights that do not comprise or relate to Borrowing Base Assets; provided that if any of the foregoing relate to oil and gas properties, full disclosure thereof is made in any engineering reports required to be delivered to the Lender from time to time in respect of such oil and gas properties;
- (o) rights of first refusal and similar preferential rights created in the ordinary course of the oil and gas business;
- (p) Operating Leases;
- (q) Liens securing the obligations under the MSA, subject to the Existing Tartan Subordination Agreement;
- (r) Liens securing the obligations to ATB Financial pursuant to "Permitted Indebtedness" (g), subject to the ATB NIL;
- (s) the Security; or
- (t) other Liens not referred to in the preceding clauses which have been expressly consented to in writing by the Lender;

**"Person"** means any individual or corporation, partnership, firm, trust, incorporated or unincorporated association, governmental authority, joint venture, limited liability company, association, trust, unlimited liability company, joint stock company or other entity of any kind;

**"Petroleum Substances"** means petroleum, natural gas, natural gas liquids, bitumen, crude oil, synthetic crude oil, related hydrocarbons and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;

**"Premium Rate"** means the Interest Rate plus 3% per annum;

**"Prepayment Amount"** shall have the meaning assigned to such term in Section 4.3;

**"Prepayment Date"** shall have the meaning assigned to such term in Section 4.3;

**"Prepayment Notice"** shall have the meaning assigned to such term in Section 4.3;

**"Prime"** means the prime lending rate per annum published by a Canadian Schedule I bank adopted by the Lender, from time to time, for commercial loans denominated in Canadian dollars as selected by the Lender;

**"Priority Payables"** means, at any time, any liability of any Loan Party to any Person that ranks, or may rank, in right of payment in any circumstances, equal to or in priority to any liability of a Loan Party to the Lender, and may include any Environmental Claims, unpaid wages, salaries and commissions, unremitted source deductions for employment insurance premiums or Canada

Pension Plan contributions, vacation pay, arrears of rent, unpaid taxes, withholding tax liabilities, goods and services taxes, all sales and consumption taxes, harmonized sales tax, customs duties, amounts owed in respect of workers' compensation, amounts owed to unpaid vendors who have a right of repossession, and amounts owing to creditors which may claim priority by statute or under a Purchase Money Security Interest;

**"Production Payment"** means:

- (a) the sale (including any forward sale) or other transfer of any Petroleum Substances, whether in place or when produced, for a period of time until, or of an amount such that, the purchaser will realize therefrom a specified amount of money (however determined, including by reference to interest rates or other factors which may not be fixed) or a specified amount of such product; and
- (b) any other interest in property of the character commonly referred to as a "production payment";

**"Purchase Money Security Interest"** means:

- (a) a Lien taken or reserved in property to secure payment of all or part of its purchase price; and
- (b) a Lien taken in property by a Person who gives value for the purpose of enabling a Loan Party to acquire rights in such property, to the extent that the value is applied to acquire those rights,

but does not include a Capital Lease or an Operating Lease;

**"Release"** means discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

**"Reservation of Rights Notice"** means the reservation of rights notice dated March 7, 2023 from the Lender to the Borrower;

**"Sanctions"** means any sanctions or trade embargoes imposed, administered or enforced from time to time by any relevant sanctions authority including, without limitation, under the *United Nations Act* (Canada), the *Special Economic Measures Act* (Canada) and the *Export and Import Permits Act* (Canada);

**"Security"** means the documents creating a Lien in favour of, or any collateral held from time to time by, the Lender securing or intended to secure repayment of the Obligations, including all security described in Article 6;

**"Senior Indebtedness"** shall have the meaning assigned to such term in Section 2.7(d);

**"Specified Rate"** shall have the meaning assigned to such term in Section 3.7;

**"Subordinated Indebtedness"** shall have the meaning assigned to such term in Section 2.7(e);

**"Subsidiary"** means:

- (a) with respect to a Person, a subsidiary of such Person as defined in the *Business Corporations Act* (Alberta) (determined as if each such Person was a body corporate); or
- (b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person,

and shall include any Person in like relation to a Subsidiary;

**"Swap"** means a Commodity Swap, Currency Swap or Interest Swap;

**"Tangibles"** means, in respect of a Loan Party at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of such Loan Party at such time in and to any tangible property, apparatus, plants, equipment, machinery and fixtures, fixed or non-fixed, real or personal, used or capable of use in exploiting any Petroleum Substances including:

- (a) systems, plants and facilities used or useful in producing, gathering, compressing, processing, treating, refining, storing, transporting or shipping Petroleum Substances;
- (b) tangible property and assets used or intended for use in exploration, producing, storing, injecting or removing Petroleum Substances; and
- (c) all extensions, additions and accretions to any item described in items (a) or (b) above;

**"Tartan"** means, collectively, Tartan Energy Group Inc. and Tartan Energy Tech (Shanghai) Ltd.;

**"Tartan Payout"** means the amount required to pay out, in full, all obligations of the Borrower to Tartan pursuant to the MSA at a particular time;

**"Taxes"** means all present and future taxes, levies, imposts, stamp taxes, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable to them;

**"Telfordville Assets"** means those properties and assets described in Schedule "G" hereof;

**"Title and Operating Documents"** means, in respect of any P&NG Rights or Tangibles at any time, all of the documents (including leases, reservations, permits, licenses of all sorts, exploration agreements, operating agreements, unit agreements, production sharing agreements, pooling agreements, assignments, trust declarations or other agreements to recognize a Loan Party's interest, participation agreements, farmin or farmout agreements, royalty agreements, purchase agreements and transfers; gas, oil, condensate and other production sale contracts; gathering,

common stream, transportation and processing agreements; and agreements for the construction, ownership and/or operation of Tangibles):

- (a) by virtue of which P&NG Rights or Tangibles were acquired or constructed or held at such time;
- (b) to which the construction, ownership, operation, exploitation, development, production, transportation or marketing of P&NG Rights or Tangibles are subject; or
- (c) which grant rights which are or may be used by such Loan Party in connection with such P&NG Rights or Tangibles,

and including the rights (except for P&NG Rights) granted under or created by such documents;

"**Tranche B Advance**" shall have the meaning assigned to such term in Section 2.1;

"**Tranche C Advance**" shall have the meaning assigned to such term in Section 2.1; and

"**Work Fee**" shall have the meaning assigned to such term in Section 3.4(a).

## **1.2 Headings and Table of Contents**

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 References**

Unless something in the subject matter or context is inconsistent therewith, all references to Articles, Sections, subsections and Schedules are to Articles, Sections, subsections and Schedules to this Agreement. The words "hereto", "herein", "hereof", "hereunder", "herewith" and similar expressions mean and refer to this Agreement.

## **1.4 Rules of Interpretation**

In this Agreement, unless otherwise specifically provided, the singular includes the plural and vice versa, "month" means calendar month, "quarter" means calendar quarter, and "in writing" or "written" includes printing, typewriting, or any electronic means of communication capable of being visibly reproduced at the point of reception, including email and telecopier.

## **1.5 Generally Accepted Accounting Principles**

Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied.

## **1.6 Time**

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in Calgary, Alberta.

### 1.7 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

### 1.8 Currency

Unless otherwise specified in this Agreement, all references to currency (without further description) are to lawful money of Canada.

### 1.9 Schedules

The following Schedules are incorporated in and form a part of this Agreement:

Schedule "A"	-	Compliance Certificate
Schedule "B"	-	Request for Extension
Schedule "C"	-	Drawdown Notice
Schedule "D"	-	Form of Environmental Certificate
Schedule "E"	-	Form of Oil & Gas Ownership Certificate
Schedule "F"	-	Deposit Accounts
Schedule "G"	-	Description of Telfordville Assets

## ARTICLE 2 THE LOANS

### 2.1 The Loans

Relying on each of the representations and warranties set out in Article 7 and subject to the terms and conditions of this Agreement, the Lender will advance and/or has advanced (as applicable) a non-revolving term loan in an aggregate principal amount of up to \$10,500,000 (subject to increase as a result of implementing the Tartan Payout), available to the Borrower in separate tranches in the principal amounts of:

- (a) the Initial Drawdown advanced on the Initial Drawdown Date;
- (b) the Payment Reserve to be advanced on the Closing Date;
- (c) until the first anniversary of the Initial Drawdown Date, in multiple advances in a minimum amount of \$500,000 each, to an aggregate maximum of \$4,400,000 (the "**Tranche B Advance**"); and
- (d) the Tartan Payout (the "**Tranche C Advance**", and together with the Initial Drawdown, the Payment Reserve and the Tranche B Advance, collectively, the "**Loans**" and each a "**Loan**").

The amount available for each Loan may be drawn in advances in accordance with the terms herein. The Borrower acknowledges that section 5.1(a) of the Existing Tartan Subordination Agreement provides that, without the prior written consent of Tartan, the Obligations shall not exceed the aggregate of (i) \$10,500,000, and (ii) the amount of the Tartan Payout.



Written notice shall be required for any advance under the Loans. The Borrower shall provide a Drawdown Notice to the Lender by no later than ten Business Days prior to the requested drawdown date, subject to Section 2.4 with respect to the Tranche C Advance.

## **2.2 Purposes**

The proceeds of the Loans are to be used by the Borrower as follows:

- (a) the Initial Drawdown was used by the Borrower for paydown obligations pursuant to the MSA in the amount of \$1,400,000, funding capital expenditures (including the Capital Program) and to fund amounts and costs incurred by the Borrower in connection with the Original Loan Agreement;
- (b) the Payment Reserve is to be used by the Borrower to make interest payments during the Capitalized Period and to pay the Amendment Fee;
- (c) the Tranche B Advance is to be used by the Borrower for funding capital expenditures (including the Capital Program); and
- (d) the Tranche C Advance is to be used to complete the Tartan Payout.

## **2.3 Borrowing Base Determination**

From time to time, but no less frequently than on a quarterly basis on or before 55 days following the end of each fiscal quarter, the Lender shall determine the Borrowing Base as follows:

- (a) Upon the Borrower having provided the information required pursuant to 8.1(w)(iii) within 30 days following each fiscal quarter, which information shall have been prepared with reference to information most recently provided pursuant to Section 8.1(w)(viii) and adjusted as reasonably appropriate, the Lender shall perform an initial review and assessment of such information, which shall include, but not be limited to:
  - (i) production forecasts, having regard to type curve and decline methodology assumptions, as well as the most recent information provided pursuant to Section 8.1(w)(viii);
  - (ii) royalty assumptions, burdens and encumbrances;
  - (iii) operating cost assumptions, having regard to actual operating costs of recent production months and outlook for future operating costs;
  - (iv) abandonment and reclamation costs assumed to be incurred in future periods, having regard to the LLR reporting provided as of the particular quarter, as well as the most recent information provided pursuant to Sections 8.1(w)(ix), (x) and (xi);
  - (v) price deck used in determining the Borrowing Base for acceptability, including the reference for such price deck and that such price deck was obtained within three days of providing the information set out in Section 8.1(w)(iii)(A);
  - (vi) computation of the present value, discounted at 12%, of the Borrowing Base Assets; and

- (vii) unrealized gains and/or losses associated with Swap transactions extending beyond the particular fiscal quarter end.
- (b) The Lender shall provide its comments and required changes, if any, to the Borrower within twelve days following receipt of the draft information required to have been provided by the Borrower within 30 days following the particular fiscal quarter pursuant to Section 8.1(w)(iii) in order that the Borrower may update and render its final reporting under Section 8.1(w)(iii) within 45 days following each fiscal quarter, as required.
- (c) Upon the Borrower having provided the information required pursuant to Section 8.1(w)(iii) within 45 days following each fiscal quarter, the Lender shall within ten days thereafter update its initial review as reasonably appropriate (including review of the Borrower's implementation of required changes and updated price deck), and the Lender shall advise the Borrower in writing of the Borrowing Base amount to be used in computing the Asset Coverage Ratio as at the applicable fiscal quarter end, such Borrowing Base amount to be determined in the Lender's sole discretion, acting reasonably. In the event that the Lender does not so advise the Borrower in writing, the Borrowing Base shall be set based on the amount calculated by the Borrower in the information provided pursuant to Section 8.1(w)(iii)(A) and paragraph (a) of this Section 2.3.
- (d) In the event that the Borrower does not provide the information required pursuant to Section 8.1(w)(iii), the Lender shall determine the Borrowing Base in its sole discretion.
- (e) If at any time the Lender, in its sole discretion, acting reasonably, assesses a Material Adverse Effect to have occurred, the Lender will provide written notice to the Borrower of the particulars of such assessment, together with the revised Borrowing Base, such revised Borrowing Base to be applicable ten days following the provision of written notice. The Borrower shall provide all information reasonably requested by the Lender in order to complete a sound assessment of the Material Adverse Effect and a revised Borrowing Base.

#### **2.4 Drawdown Provisions – Tranche C Advance**

The Lender may elect to implement the Tartan Payout by providing notice to the Borrower of the Lender's intention to do so. The Borrower shall indicate its consent by, within 30 days of receipt of such notice from the Lender, providing a payout statement from Tartan pursuant to the MSA addressed to the Borrower and the Lender, specifying the amount of the Tartan Payout as at that date and a per diem interest amount. Within 60 days of the Lender having provided notice to the Borrower, the Lender shall confirm the Lender's commitment to advance the Tranche C Advance, net of any applicable (i) Default Reserve, and (ii) cash transaction costs of the Lender, and thereafter the Lender shall, as soon as is practicable, advance the Tartan Payout to Tartan in exchange for Tartan discharging all collateral security held by Tartan to secure the obligations under the MSA, with the Tranche C Advance being due and payable in accordance with the provisions hereof.

#### **2.5 Repayment on Maturity; Extensions**

Subject to Section 4.1, the principal amounts, and accrued and unpaid interest thereon, with respect to the Loans shall be due and payable in full on the third anniversary of the Initial Drawdown Date (the "**Maturity Date**"), or such earlier date as may be demanded by the Lender in accordance with the terms herein. The Borrower may request an extension of the Maturity Date by sending the Lender a written request for extension in the form attached as Schedule "B" by no later than 90 days prior to the then current Maturity Date, and the Lender may in its sole discretion agree to extend the Maturity Date for a further

period of 365 days. The Lender shall advise the Borrower of its decision regarding the extension by no later than 60 days prior to the then current Maturity Date. The Borrower may request up to an aggregate of two extensions of the Maturity Date hereunder.

## 2.6 Account of Record

The Lender will open and maintain books of account evidencing the advance of the Loans and all other amounts owing by the Borrower to the Lender hereunder. The Lender will enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts will constitute, in the absence of manifest error, prima facie evidence of the obligations of the Borrower to the Lender hereunder with respect to the advance of the Loans and all other amounts owing by the Borrower to the Lender hereunder. If requested by the Lender, the Borrower shall issue to the Lender a promissory note as evidence of the Indebtedness of the Borrower to the Lender hereunder.

## 2.7 Acknowledgements of the Borrower

The Borrower acknowledges and agrees that:

- (a) the facts as set out in the recitals to this Agreement are true and accurate in all respects and the same are expressly incorporated into and form part of this Agreement;
- (b) the Loan Documents and all covenants, terms and provisions thereof shall be and continue to be in full force and effect and the Loan Documents are hereby ratified and confirmed and shall, from and after the Effective Date, continue in full force and effect;
- (c) subject to the terms and conditions of this Agreement, the Lender is in a position to exercise its enforcement rights pursuant to Section 9.2 hereof and pursue all other remedies with respect to the applicable Loan Documents and the Security, in accordance with Applicable Laws, and subject to the terms of the Existing Tartan Subordination Agreement;
- (d) as of the Effective Date, the aggregate amount of Indebtedness owed by the Borrower to the Lender for advances made pursuant to the Original Loan Agreement and this Agreement is \$5,727,833.17, comprised of the following:
  - (i) the principal amount of \$5,451,063.85 outstanding immediately prior to the Effective Date;
  - (ii) the Amendment Fee; and
  - (iii) the Payment Reserve,(collectively, the "**Senior Indebtedness**");
- (e) as of the Effective Date, the aggregate amount of Indebtedness owed by the Borrower to Tartan for principal amounts advanced pursuant to the MSA is \$2,123,871.88, plus interest, fees, expenses and Tartan's costs (the "**Subordinated Indebtedness**"); and
- (f) the Borrower does not dispute its liability to repay any of the Senior Indebtedness or the Subordinated Indebtedness on any basis and all rights of the Lender and Tartan shall remain in full force and effect. The Borrower hereby confirms that the Loan Documents are in full

force and effect and that the Borrower does not have any right of setoff, damages, recoupment or other offset or any defense, claim or counterclaim with respect to any of the Loan Documents.

## 2.8 Forbearance

The Lender hereby agrees to forbear from exercising its rights and remedies under this Agreement and each other Loan Document, including, without limitation, any Lien held by the Lender pursuant to the Security in connection therewith, whether at law or in equity, on account of the Existing Event of Default, commencing on the Closing Date until the earlier of: (a) May 31, 2023 and (b) the occurrence of an Event of Default (for certainty, other than the Existing Event of Default) (such period, the "**Forbearance Period**").

## ARTICLE 3 PAYMENT OF INTEREST AND FEES

### 3.1 Interest on the Loans

- (a) Subject to Section 3.1(b) hereof, the Borrower will pay interest on each Loan at the Interest Rate provided that, upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest at the Default Interest Rate. Such interest will compound monthly, not in advance, and be payable monthly in arrears on the last day of each month and will be calculated daily on the principal amount of such Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be.
- (b) Notwithstanding Section 3.1(a), the Premium Rate shall be due and payable for the duration of the Capitalized Period, and the amount of interest due and payable during the Capitalized Period shall be paid from the Payment Reserve.
- (c) Any interest due but unpaid pursuant to Section 3.1(a) shall accrue interest at the Default Interest Rate provided that the Default Interest Rate will begin to accrue on any overdue interest commencing in the month immediately subsequent to the month in which any interest becomes due but unpaid pursuant to Section 3.1(a).
- (d) All interest payable under this Agreement bears interest after as well as before maturity, default and judgment.

### 3.2 Payment Reserve

- (a) On satisfaction of the Drawdown Conditions Precedent, the Lender will advance \$241,769.32, representing the sum of the total Interest Expense and monitoring fees for each of March 31, 2023 (due and payable immediately on the Closing Date), April 30, 2023 and May 31, 2023, all into a capitalized payment reserve held by the Lender and all to be withheld from such advance (the "**Payment Reserve**"), and which amount shall, for the purposes of determining the amount of Senior Indebtedness, be deemed to have been advanced by the Borrower as part of the Obligations hereunder for the duration of the Capitalized Period, and shall be held by the Lender as security for the Obligations.
- (b) The amount of the Payment Reserve set forth in paragraph (a) above is calculated based on an estimate of the aggregate amount of Interest Expense and monitoring fee due and

payable on each of March 31, 2023, April 30, 2023, and May 31, 2023, respectively (being \$70,945.06, \$84,673.14, and \$86,151.12, respectively), based on the Interest Rate in effect on the Effective Date. For greater certainty, the March 31, 2023 Interest Expense and monitoring fee will be applied by the Lender out of the Payment Reserve concurrently with the Closing Date, and the applicable amounts of the April 30, 2023 and May 31, 2023 Interest Expense and monitoring fees will be applied by the Lender from the Payment Reserve on April 30, 2023 and May 31, 2023, respectively. Actual Interest Expense and monitoring fee amounts payable by the Borrower on such dates may vary subject to changes in the Interest Rate, and any shortfalls beyond amounts held in the Payment Reserve will be paid by the Borrower at the time the invoice is issued.

### 3.3 Default Reserve

- (a) The Borrower is required to maintain with the Lender an amount that is equal to four months' interest on the original amount of each advanced Loan (the "**Default Reserve**"), and which amount shall, for the purposes of determining the amount of each advanced Loan, be deemed to have been advanced by the Borrower as part of the Obligations hereunder, and shall be held by the Lender as security for the Obligations. While any deficiency in the Default Reserve is outstanding, the Borrower shall immediately replenish the Default Reserve to the extent of the deficiency.
- (b) While any amounts are outstanding under any Loan:
  - (i) the Borrower shall have no right to withdraw or request funds from the Default Reserve, or to assign, transfer or grant a security interest in the Default Reserve to any third party;
  - (ii) the Borrower hereby assigns, transfers and sets over and grants a security interest to and in favour of the Lender in the amount of the Default Reserve as general and continuing collateral security for the payment and fulfillment by the Borrower of the Obligations;
  - (iii) notwithstanding the withholding of the Default Reserve, the Borrower shall be obligated to pay interest on the Loans as provided for herein for the term of the Loans;
  - (iv) the Lender shall (i) not be obligated to invest the Default Reserve in a separate or interest bearing account on behalf of the Borrower; (ii) not be required to collect or account to the Borrower for any interest on the Default Reserve; and (iii) be permitted to commingle the Default Reserve with any other funds or monies held by the Lender;
  - (v) in the event the Borrower is in default of its obligation to pay interest or any other amount hereunder, the Lender is hereby authorized to satisfy payment of such amount out of the Default Reserve, and, upon the Lender notifying the Borrower that it has so depleted the Default Reserve, the Borrower shall immediately replenish the applicable amount of the Default Reserve by making payment of the applicable amount to the Lender;

- (vi) in the event the Borrower does not repay the Loans in full on the Maturity Date, the Default Reserve shall be forfeited as a fee to the Lender as a bona fide pre-estimate of liquidated damages incurred by the Lender as a result of such non-payment; and
- (vii) upon the Borrower making full and final repayment of the Loans on the Maturity Date or prior thereto, otherwise, the amount remaining in the Default Reserve shall be applied by the Lender against any additional amounts owing by the Borrower hereunder as the Lender sees fit in its sole discretion, and any remaining amounts shall be paid to the Borrower.

### 3.4 Fees

The Borrower will pay and/or has paid (as applicable) to the Lender the following fees:

- (a) pursuant to the terms of the Original Loan Agreement, the Borrower paid to the Lender a work fee equal to \$35,000, plus any applicable taxes due thereon (the "**Work Fee**");
- (b) pursuant to the terms of the Original Loan Agreement, the Borrower paid to the Lender a commitment fee in an amount equal to \$210,000 on the Initial Drawdown Date (the "**Commitment Fee**");
- (c) a Tranche B Advance fee of \$10,000, plus any applicable taxes due thereon, to be paid upon the earlier of (i) the date each such advance is funded, or (ii) the date that such advance was requested to be funded;
- (d) a monitoring fee in the amount of \$1,500, plus any applicable taxes due thereon, for each month, or pro-rated for any partial month, until the Loans are repaid in full and any obligation of the Lender to make advances hereunder is permanently cancelled. The aforesaid fee shall be paid monthly on the last day of each month during which such fee is payable, as provided for herein, and upon repayment of the Loans and permanent cancellation of any obligation of the Lender to make advances hereunder in respect of the final month in question. The monitoring fee shall be multiplied by two during the occurrence and continuance of any Event of Default. For greater certainty, the monitoring fee will not apply during the Capitalized Period and will instead be funded out of the Payment Reserve pursuant to Section 3.2 hereof;
- (e) a loan extension fee of 1% due and payable at the first extension date of the Maturity Date and 2% due and payable at the second extension date of the Maturity Date, on the principal amount of the Loans then outstanding;
- (f) all fees and expenses (including, but not limited to, all due diligence, consultant, field examination and appraisal costs, all reasonable fees and expenses for outside legal counsel and other outside professional advisors) reasonably incurred by the Lender in connection with the preparation, registration and ongoing administration of this Agreement and the Security and with the enforcement of the Lender's rights and remedies under this Agreement or the Security, whether or not any amounts are advanced under this Agreement. If the Lender has paid any expense for which the Lender is entitled to reimbursement from the Borrower and such expense has not been deducted from the advance of either of the Loans, such expense shall be payable by the Borrower upon demand therefor from the Lender and such expense shall bear interest at the same rate as

the Loans, as stipulated herein. All such fees and expenses and interest thereon shall be secured by the Security whether or not any funds under either of the Loans are advanced; and

- (g) an amendment fee of \$35,000 (the "**Amendment Fee**"), to be added to the principal balance of the Loan on the Closing Date, in addition to the Payment Reserve pursuant to Section 3.2, in order to effect the Borrower Workout Plan.

### **3.5 Participation Fee**

In addition to the fees payable pursuant to Section 3.4 hereof, the Borrower shall pay the Lender the Participation Fee on the Participation Fee Payment Date.

### **3.6 Maximum Rate Permitted by Law**

Under no circumstances shall the Lender be entitled to receive nor shall it in fact receive a payment or partial payment of interest, fees or other amounts under this Agreement at a rate that is prohibited by Applicable Law. Accordingly, notwithstanding anything herein or elsewhere contained, if and to the extent that under any circumstances, the effective annual rate of "interest" (as defined in section 347 of the *Criminal Code of Canada*) received or to be received by the Lender (determined in accordance with such section) on any amount of "credit advanced" (as defined in that section) pursuant to the present Agreement or any agreement or arrangement collateral hereto entered into in consequence or implementation hereof would, but for this Section 3.6, be a rate that is prohibited by Applicable Law, then the effective annual rate of interest, as so determined, received or to be received by the Lender on such amount of credit advanced shall be and be deemed to be adjusted to a rate that is one whole percentage point less than the lowest effective annual rate of interest that is so prohibited (the "**adjusted rate**"); and, if the Lender has received a payment or partial payment which would, but for this Section 3.6, be so prohibited then any amount or amounts so received by the Lender in excess of the adjusted rate shall and shall be deemed to have comprised a credit to be applied to subsequent payments on account of interest, fees or other amounts due to the Lender at the adjusted rate.

### **3.7 Interest Act (Canada)**

Solely for purposes of the *Interest Act* (Canada): (i) whenever the interest is to be computed or expressed at any rate (the "**Specified Rate**") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the relevant year and the denominator of which is 365 or such other period of time, respectively; (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (iii) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.

### **3.8 Waiver**

To the extent permitted by law, any provision of the *Judgment Interest Act* (Alberta) and the *Interest Act* (Canada) which restricts the rate of interest on any judgment debt shall be inapplicable to this Agreement and is hereby waived by the Borrower.

### 3.9 Increased Costs

- (a) If any Change in Law will:
  - (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;
  - (ii) subject the Lender to any Taxes of any kind whatsoever with respect to this Agreement or the Loans, or change the basis of taxation of payments to the Lender in respect thereof; or
  - (iii) impose on the Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or the Loans,

and the result of any of the foregoing will be to increase the cost to the Lender of making or maintaining the Loan (or of maintaining its obligation to make the Loans) or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount), then upon request of the Lender the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

- (b) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender as specified in Section 3.9(a), including reasonable detail of the basis of calculation of the amount or amounts, that is delivered to the Borrower will be conclusive absent manifest error. The Borrower will pay the Lender the amount shown as due on any such certificate within ten days after receipt thereof.
- (c) Failure or delay on the part of the Lender to demand compensation pursuant to this Section 3.9 will not constitute a waiver of the Lender's right to demand such compensation.

### 3.10 Taxes

- (a) If the Borrower is required by Applicable Law to deduct or pay any Taxes in respect of any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document, then (i) the sum payable will be increased by the Borrower as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) the Borrower as applicable will make any such deductions required to be made by it under Applicable Law and (iii) the Borrower as applicable will pay when due the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.
- (b) The Borrower will indemnify the Lender, within ten days after demand therefor, for the full amount of any Taxes (including Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender in respect of the Obligations (other than Excluded Taxes) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such



payment or liability delivered to the Borrower by the Lender will be conclusive absent manifest error.

## **ARTICLE 4 REPAYMENT; PAYMENT PROVISIONS**

### **4.1 Repayment**

Repayment of principal outstanding under the Loans shall be made on the last day of each month, commencing on October 31, 2022 and thereafter, but excluding the months of March, 2023 and April, 2023, during which such repayment shall be suspended. Each monthly principal repayment of the Loans shall be comprised of the sum of:

- (a) the gross principal amount outstanding multiplied by  $1/A$ , where A equals the number of whole or part months remaining to the Maturity Date for such Loan, plus 12 months to maintain a 48 month amortization period; and
- (b) on the last day of the second month following each fiscal quarter of the Borrower, 35% of the positive Free Cash Flow for the respective fiscal quarter, provided that the Lender may, at the Borrower's request with five days' prior notice, but in its sole discretion, elect to waive any quarterly Free Cash Flow payment.

### **4.2 Time, Place and Currency of Payment**

- (a) Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid at or before 12 noon (Calgary time) on the day such amount is due. All payments shall be made at the head office of the Lender in Calgary, Alberta or as otherwise directed by the Lender.
- (b) All payments shall be made as directed by the Lender from time to time.

### **4.3 Prepayment**

The Loans may be prepaid in full or partially, in immediately available funds, at any time commencing twelve months after the Initial Drawdown Date on not less than 60 days' prior written notice, except as otherwise contemplated below in this Section 4.3 (a "**Prepayment Notice**"), provided that:

- (a) any prepayment amount (the "**Prepayment Amount**") shall be in an amount of at least \$500,000; and
- (b) if the Loans are repaid in full, the Participation Fee shall be paid concurrently with such payout.

In the event the Borrower delivers a Prepayment Notice, but does not deliver the Prepayment Amount to the Lender in immediately available funds on the date specified ("**Prepayment Date**") in the Prepayment Notice, the Borrower shall pay a fee to the Lender due on the day following the Prepayment Date in an amount equal to the greater of \$50,000 or 1% of the proposed Prepayment Amount to compensate the Lender for costs incurred in the sourcing and reallocation of funds.

#### 4.4 Other Mandatory Repayments

In addition to any regularly scheduled payments of the Obligations under the Loans as set forth herein, the Borrower shall also repay Obligations under the Loans using the following proceeds:

- (a) all net proceeds of any issuances or sales of debt securities by any Loan Party;
- (b) other than the dispositions of assets permitted under Section 8.3(d), all net proceeds from any sale or other disposition of any assets of any Loan Party (except where such proceeds are reinvested (or contracts and/or obligations are in place to complete reinvestment) in similar assets, subject to the approval of the Lender, within 180 days after the date of making any such sale or disposition); and
- (c) all net proceeds from insurance claims or expropriation or condemnation proceedings of any Loan Party (excluding claims from business interruption insurance), except where no Event of Default has occurred and is continuing and such proceeds are reinvested by the applicable Loan Party in replacement or similar assets within 180 days after the receipt of such proceeds.

Unless otherwise indicated, the Lender shall have the right to apply any of these mandatory repayments in such manner as the Lender sees fit, including against any of the Obligations under either of the Loans.

#### 4.5 Application of Payments

Notwithstanding anything else contained herein, all payments received by the Lender shall first be credited as payment of interest and fees owing by the Borrower in respect of the Loans and then as repayment of the principal amount owing by the Borrower to the Lender hereunder.

#### 4.6 No Set-off

The Borrower shall make all payments to the Lender without set-off or counterclaim.

### ARTICLE 5 CONDITIONS PRECEDENT

#### 5.1 Conditions Precedent

The effectiveness of this Agreement, and the availability of Loans, is subject to and conditional upon the prior satisfaction of the following conditions precedent (collectively, the "**Drawdown Conditions Precedent**"):

- (a) investment committee approval having been obtained by the Lender;
- (b) no event shall have occurred and be continuing and no circumstance shall exist which has not been waived, which constitutes a default in respect of any material commitment, agreement or any other instrument to which any Loan Party is a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or terminate any such material commitment, agreement or instrument which

would have a Material Adverse Effect upon the financial condition, property, assets, operation or business of the Loan Parties, taken as a whole;

- (c) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default (other than the Existing Event of Default) shall have occurred;
- (d) the Lender having received confirmation from the Borrower, in a form satisfactory to the Lender, that the Environmental Certificate dated as of the Initial Drawdown Date, is unamended and in full force and effect as of the date of this Agreement;
- (e) the Lender being satisfied that all representations and warranties in this Agreement and in the Security shall be true, complete and correct; and
- (f) the Lender shall have received, in form and substance reasonably satisfactory to the Lender, the following:
  - (i) a duly executed copy of this Agreement;
  - (ii) proof of compliance with Section 8.2(f) hereof;
  - (iii) certified copies of all shareholder, regulatory (including from any Energy Regulator), Governmental Authorizations and other approvals required in order for the Loan Parties to enter into this Agreement and the other Loan Documents, as applicable, and to perform its obligations thereunder;
  - (iv) payment of all fees payable to the Lender that are due and payable at such time, including, without limitation, the Amendment Fee (or satisfactory arrangements having been made for such payment); and
  - (v) such other closing documents and documentation that the Lender may reasonably request, including any additional security requested by the Lender.

## **5.2 Conditions Precedent to Tranche B Advance**

The obligation of the Lender to make the Tranche B Advance to the Borrower is subject to and conditional upon the following conditions precedent:

- (a) the Drawdown Conditions Precedent shall have been satisfied or shall continue to be waived by the Lender, in its sole discretion;
- (b) the Lender has approved, in its sole discretion, the Drawdown Notice from the Borrower, together with detailed support including well licenses and authorizations for expenditures detailing the use of funds of the Tranche B Advance for capital or resource development expenditures that will result in a material incremental economic value added to the Borrowing Base Assets; and
- (c) receipt of such other documents as the Lender may reasonably require.

### 5.3 Conditions Subsequent to Effectiveness of this Agreement

On or before April 21, 2023, the Borrower shall deliver or cause to be delivered to the Lender, in form and in substance satisfactory to the Lender, the following (collectively, the "**Conditions Subsequent**"):

- (a) an updated Oil and Gas Ownership Certificate, or additional updates to the content and information set out in the Oil and Gas Ownership Certificate dated as of the Initial Drawdown Date previously provided to the Lender; and
- (b) certificates, authorizations, resolutions of the board of directors of the Loan Parties and legal opinions as the Lender may reasonably require including an opinion from counsel to the Loan Parties with respect to status and the due authorization, execution, delivery, validity and enforceability against the Loan Parties of this Agreement and other such documents as the Lender may reasonably require.

### 5.4 Waiver of a Condition Precedent

The terms and conditions of Sections 5.1 and 5.2 hereof are inserted for the sole benefit of the Lender and may be waived by the Lender in whole or in part with or without terms or conditions.

## ARTICLE 6 SECURITY

### 6.1 Security

As general and continuing security for the payment and performance of the Obligations, the Loan Parties shall grant to the Lender, and shall maintain at all times, the following security, in form and substance satisfactory to the Lender:

- (a) a \$20,000,000 fixed and floating charge debenture from each Loan Party over all of its present and after acquired personal property, and a floating charge on all of its present and after acquired real property, subject only to the Permitted Liens;
- (b) a debenture pledge agreement from each Loan Party;
- (c) an environmental agreement and indemnity from each Loan Party;
- (d) full liability guarantees and postponements and assignments of claims from each Guarantor (if any);
- (e) the DACA;
- (f) the Noteholder Subordination Agreements; and
- (g) the Existing Tartan Subordination Agreement,

(each of the documents described in paragraphs (a) through (c) and (e) through (g) above provided by the Borrower on the Initial Drawdown Date hereinafter collectively, the "**Existing Security**").

## 6.2 Confirmation of Security

The Borrower hereby acknowledges and agrees that, notwithstanding anything contained in this Agreement, the Existing Security continues in full force and effect, without in any way impairing or derogating from any of the mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for all Obligations. The Borrower acknowledges and agrees that the Lender is relying on this Section 6.2 in connection with its commitments under this Agreement. In addition, the Existing Security has not been discharged, varied, waived or altered and each of the documents comprising the Existing Security is binding upon the Borrower and is enforceable against the Borrower in accordance with the terms thereof.

## 6.3 After-Acquired Property and Further Assurances

Each Loan Party will from time to time execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge, including in connection with all property acquired by each Loan Party after the Effective Date, as may be required to properly perfect the Lien of the Lender in such property.

# ARTICLE 7 REPRESENTATIONS AND WARRANTIES

## 7.1 Representations and Warranties

The Borrower represents and warrants to the Lender, acknowledging that the Lender is relying on such representations and warranties in entering into this Agreement and advancing the Loans hereunder, the following:

- (a) **Formation, Organization and Power:** each Loan Party is a corporation or partnership, duly incorporated, continued, amalgamated or formed, as the case may be, and validly subsisting under the laws of the jurisdiction of its incorporation, formation, amalgamation or continuance, as the case may be, is duly registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary and has the full corporate or other power and capacity to own, lease or hold its properties and assets and conduct its business as presently conducted;
- (b) **Authority:** the execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is a party (i) have been duly authorized by all necessary corporate or other action, (ii) are within such Loan Party's corporate or other power and capacity, (iii) do not violate any provision of Applicable Law or of such Loan Party's constating documents, (iv) do not result in the breach of or constitute a default or require any consent under, or result in the creation of any Lien upon any of the property or assets of such Loan Party pursuant to, any indenture or other agreement or instrument to which such Loan Party is a party or by which such Loan Party or its property may be bound or affected, other than in favour of the Lender or pursuant to the Security, and (v) do not require any license, consent or approval of or advance notice to or advance filing with any Governmental Authority that has not already been received;
- (c) **Execution and Delivery of Loan Documents:** each Loan Document, to which they are a party, has been duly executed and delivered by the Loan Parties;

- (d) **Enforceability:** each Loan Document constitutes a legal, valid and binding obligation of the Loan Parties to which each is a party, enforceable against such Loan Parties in accordance with its terms, except as enforceability may be limited by general principles of equity (regardless of whether enforcement is sought in a proceeding in law or at equity) and bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;
- (e) **Subsidiaries:** as at the Effective Date, the Borrower has no Subsidiaries;
- (f) **Financial Condition:** the financial statements of the Loan Parties most recently provided to the Lender fairly present its financial positions as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and there have been no material adverse change in the financial condition, operations or business of the Loan Parties since the date of such financial statements. No Loan Party has contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Lender which would have a Material Adverse Effect on its business or prospects;
- (g) **Litigation:** there are no suits or proceedings (including proceedings by or before any arbitrator, government commission, board, bureau or other administrative agency) pending or, to the knowledge of the Borrower, threatened, against or affecting any of the Loan Parties, that are reasonably likely to cause, either separately or in the aggregate, a Material Adverse Effect, and there are no circumstances of which the Borrower is aware which might give rise to any such proceeding which has not been fully disclosed to the Lender;
- (h) **Compliance with Laws:** each Loan Party is in compliance with all Applicable Laws in the jurisdictions in which it carries on business, has not received notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such Applicable Laws, and is not aware of any pending change or contemplated change to any Applicable Law that would, in each case, reasonably be expected to have a Material Adverse Effect;
- (i) **Governmental Authorizations:** each Loan Party has or will have when required, all Governmental Authorizations under all Applicable Laws and regulations necessary for the operation of the businesses currently carried on, or proposed to be carried on, by it and each Governmental Authorization is valid, subsisting and in good standing and it is not in default or breach of any Governmental Authorization, unless, in each case, failure to so obtain or maintain such Governmental Authorization would not reasonably be expected to have a Material Adverse Effect, and to the best of its knowledge, no material proceeding is pending or threatened to revoke or limit such Governmental Authorization;
- (j) **Anti-Corruption Laws:** each Loan Party, each Subsidiary of each Loan Party, and each director, officer, employee and agent thereof is in compliance, in all material respects, with all applicable Sanctions, Anti-Corruption Laws and AML Laws;
- (k) **Compliance with Contracts:** each Loan Party is in compliance with all contracts, agreements and employee benefit plans, applicable to it, has not received notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance, except to the extent any failure to be so in compliance would not reasonably be expected to constitute or cause a Material Adverse Effect;

- (l) **Environmental Matters:** each Loan Party has obtained all permits, licenses and other Governmental Authorizations which are required for its property, business or assets under all applicable Environmental Laws and is in compliance with all Environmental Laws and all terms and conditions of all such permits, licenses and Governmental Authorizations, except to the extent any failure to have obtained any such permit, license or other Governmental Authorizations or to be so in compliance would not reasonably be expected to constitute or cause a Material Adverse Effect;
- (m) **Environmental Condition of Property:**
  - (i) no property of the Loan Parties is the subject of any outstanding orders from a government agency or otherwise alleging violation of any Environmental Laws; and
  - (ii) to the knowledge of the Borrower after due inquiry, no Contaminants have been Released at, on or under any property of the Loan Parties;
- (n) **Environmental Claims:** there is no claim, action, prosecution or other proceeding of any kind pending or threatened against any of the Loan Parties or any of their assets or properties before any court or administrative agency which: (i) relates to any non-compliance with any Environmental Law; (ii) relates to any Release from its lands of a Contaminant into Environment; or (iii) if adversely determined, might have a Material Adverse Effect; and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Lender;
- (o) **Compliance with Environmental Laws:** the Borrower is not in default of any Environmental Laws or Abandonment/Reclamation Order that it has received from any applicable Energy Regulator that would reasonably be expected to have a Material Adverse Effect;
- (p) **Events of Default:** other than the Existing Event of Default, no Event of Default has occurred which is continuing and no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any covenant or other term or condition of this Agreement or any of the Security given in connection therewith;
- (q) **Title to Assets:** each Loan Party has good, valid and marketable title to all of its assets and properties (subject to minor title defects or irregularities), and except for Permitted Liens, such assets and properties, are not subject to any Liens;
- (r) **Taxes:** each Loan Party has paid or made adequate provision for the payment of all Taxes levied on it or on its property or income that are due and payable, including interest and penalties, or has accrued such amounts in its financial statements for the payment of such Taxes, except Taxes that are not material in amount, that are not delinquent or if delinquent are being contested in good faith, and in respect of which non-payment would not individually or in the aggregate constitute or cause, or be reasonably likely to constitute or cause, a Material Adverse Effect, and there is no material action, suit, proceeding, investigation, audit or claim now pending or, to the knowledge of the Borrower, threatened, by any Governmental Authority regarding any Taxes nor has any Loan Party agreed to waive or extend any statute of limitations with respect to the payment or collection of Taxes;

- (s) **Rent Payments:** there are no outstanding rent payments owing by a Loan Party in respect of any leased real property;
- (t) **Deposit Accounts:** the only operating and deposit accounts of each Loan Party are set out in Schedule "F" attached hereto;
- (u) **Compliance with MSA:** the Borrower is in compliance with the MSA in all respects, has not received notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with the MSA;
- (v) **Borrower Workout Plan:** the information, engineering data, production and cash flow projections, exhibits and other information and data furnished in writing to the Lender in connection with the Borrower Workout Plan are true, complete and correct in all respects; and
- (w) **True and Complete Disclosure:** the information, reports, financial statements, engineering data, production and cash flow projections, exhibits, disclosure letters and schedules and other information and data furnished in writing to the Lender in connection with the negotiation, preparation or delivery of this Agreement, the other Loan Documents executed on or before the Effective Date or included herein or therein or delivered pursuant hereto or thereto and prepared by or on behalf of the Loan Parties, and, if applicable, all publicly filed documents in relation to the Loan Parties, are true and correct in all material respects and fairly reflect the interests of the Loan Parties therein net of all royalties and other burdens affecting the same and, when taken as a whole do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading; provided that, with respect to any such information, materials and documents provided by a third party, this representation is limited to the knowledge of the Loan Parties.

## ARTICLE 8 COVENANTS OF THE BORROWER

### 8.1 Positive Covenants

During the term of this Agreement, each Loan Party covenants with the Lender to:

- (a) **Payment and Performance:** duly and punctually pay all sums of money due hereunder;
- (b) **Use of Loans:** use the proceeds of the Loans solely for the purposes provided for herein;
- (c) **Existence:** maintain its corporate or other existence under the laws of the jurisdiction of formation and register and qualify and remain registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary, except to the extent such failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect;
- (d) **Maintenance of Security:** fully and effectually maintain and keep maintained all security interests granted to the Lender under the Security as a valid and effective Lien and charge at all times;



- (e) **Maintenance of Properties:** shall (i) maintain and operate its properties and operations in accordance with good industry practice, (ii) cause all of its properties to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment, and (iii) cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in its reasonable judgment may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times;
- (f) **General Insurance:** shall maintain in full force and effect with insurers of recognized standing such policies of insurance on such terms and in such amounts covering its properties and operations as is customarily maintained by Persons engaged in the same or similar business in the localities where its properties and operations are located, and provide evidence thereof as and when may be required by the Lender;
- (g) **Compliance With Laws and Regulations:**
  - (i) comply in all respects with all Applicable Laws, rules, regulations and orders of Governmental Authorities, including, without limitation, Environmental Laws, except to the extent any failure to do so would not reasonably be expected to constitute or cause a Material Adverse Effect; and
  - (ii) observe and conform in all respects to all valid requirements of any Governmental Authority relative to any of its assets and all covenants, terms and conditions of all agreements upon or under which any of its assets are held, except to the extent any failure to be so in compliance would not reasonably be expected to constitute or cause a Material Adverse Effect;
- (h) **Notice of Environmental Damage:** promptly upon acquiring knowledge thereof, provide the Lender with written notice of the discovery of any Contaminant or Release of a Contaminant into the Environment from or upon any land or property owned or leased by it;
- (i) **Notice of Environmental Claims:** promptly upon acquiring knowledge thereof, provide the Lender with particulars of any Environmental Claim, action, suit or proceeding, pending, arbitration or mediation requests which, if determined adversely, would result in a judgement or award against a Loan Party that could reasonably be expected to have a Material Adverse Effect;
- (j) **Additional Information:** upon the request of the Lender (acting reasonably), make available for discussion with the Lender at all reasonable times the senior officers primarily responsible for its activities and affairs;
- (k) **Notice of Material Adverse Effect:** provide prompt notice to the Lender of any matter of which it is aware that has or could reasonably be expected to have a Material Adverse Effect;
- (l) **Notice of Defaults:** other than with respect to the Existing Event of Default, provide prompt notice to the Lender of the occurrence of any Event of Default or of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Agreement or of any other Loan Document;

- (m) **Notice of Litigation:** provide prompt notice to the Lender on becoming aware of the occurrence of any litigation, dispute, arbitration or other proceeding the result of which if determined adversely would result in (a) a judgment or award against it in excess of \$200,000, or (b) a Material Adverse Effect, and from time to time provide the Lender with all reasonable information requested by the Lender concerning the status of any such proceeding;
- (n) **Notice from Governmental Authority:** provide prompt notice to the Lender: (i) of any notice received from any Governmental Authority stating that any Loan Party is non-compliant with any Governmental Authorization, provided that such non-compliance has, or could reasonably be expected to have, a Material Adverse Effect, or (ii) if any Governmental Authorization related to its properties or assets is suspended or revoked;
- (o) **Notice of Asset Sale or Acquisition:** provide prompt notice to the Lender of any acquisition or sale of any equipment or inventory of the Loan Parties (or any of them) that are "serial number goods" (as defined in the *Personal Property Security Act* (Alberta)) and have a book value in excess of \$100,000;
- (p) **Taxes:** pay or discharge, or cause to be paid or discharged, before the same will become delinquent, all Taxes imposed upon it or upon its income or profits or in respect of its business or property and file all tax returns and loss carry back requests in respect thereof no later than six months after each fiscal year-end; provided, however that it will not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof is being contested in good faith by appropriate proceedings and an appropriate financial reserve in accordance with GAAP and satisfactory to the Lender has been established;
- (q) **Maintenance of Books and Records:** keep proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP and, if an Event of Default occurs, then upon the request of the Lender, shall make its records available for confidential inspection by the Lender and its respective employees or representatives at all reasonable times;
- (r) **Anti-Corruption Policies:** maintain in effect policies and procedures designed to promote compliance by the Loan Parties, its Subsidiaries, and their respective directors, officers, employees and agents, with all applicable Sanctions, AML Laws and Anti-Corruption Laws;
- (s) **Additional Information:** furnish to the Lender any information including, without limitation any other reports, studies or other materials prepared from time to time regarding the business affairs, operations, properties and assets and financial condition of the Loan Parties as the Lender may reasonably require from time to time;
- (t) **Payment of Other Obligations:** pay or cause to be paid all rents, royalties and other obligations to pay money validly imposed upon it, or upon its properties or assets or any part thereof, as and when the same become due and payable, except to the extent any failure to do so would not reasonably be expected to constitute or cause a Material Adverse Effect;
- (u) **Further Assurances:** do all such further acts and things, consent to all such further registrations against any of its real and personal property, and execute and deliver all such

further documents as shall be reasonably required by the Lender in order to maintain the Lender's priority as against other lenders and creditors, to ensure the terms and provisions of the Loan Documents are fully performed and carried out and to ensure that each material provision of each Loan Document is and continues to be a valid and binding obligation of the Loan Parties as applicable enforceable against it in accordance with its terms;

- (v) **Access to Property; Board Observer:** allow representatives of the Lender to:
  - (i) have access to its property at reasonable times and upon reasonable notice; and
  - (ii) attend all meetings of the board of directors of the Borrower as an observer and be provided with all materials presented to, and discussed at, such meetings of the board of directors of the Borrower;
  
- (w) **Reporting:** the Borrower shall deliver to the Lender, in such form as is satisfactory to the Lender:
  - (i) within 150 days after the end of each fiscal year, annual audited financial statements of the Borrower on a consolidated basis, with drafts of such audited financial statements to be provided within 90 days of the end of each fiscal year;
  - (ii) within 60 days after the end of each fiscal quarter, quarterly interim internally prepared financial statements of the Borrower on a consolidated basis, with drafts of such internally prepared financial statements to be provided within 45 days of the end of each fiscal quarter;
  - (iii) within 45 days after the end of each fiscal quarter:
    - (A) internally-prepared engineering report, prepared by a qualified engineer, regarding the Borrowing Base Assets, which shall include the present value, discounted at 12%, of the Borrowing Base Assets, determined in accordance with NI 51-101 and COGEH, except as otherwise stipulated herein;
    - (B) the price deck used to generate the engineering report referenced in Section 8.1(w)(iii)(A), which shall have been based on the forward/future commodity prices available from a reference acceptable to the Lender, obtained no later than three days prior to the date of submission hereunder;
    - (C) the ValNav database used to generate the engineering report referenced in Section 8.1(w)(iii)(A) or, if a different reserve valuation software is used, an input report, in form acceptable to the Lender, detailing the production and decline parameters, price deck, royalties, fixed and variable cost parameters, capital expenditures, currency exchange rates and such other information as the Lender may require, together with the resulting economic summary report(s) showing overall forecast revenues, royalties, costs and resulting present value, discounted at 12% per annum, of the PDP, 2P and TP reserve (as commonly defined in the oil and gas industry);
    - (D) lease operating statements, production reports and revenue reports regarding the Borrowing Base Assets;

- (E) LLR reporting in form and content acceptable to the Lender; and
- (F) a report of all Swap transactions extending beyond the applicable fiscal quarter, including information and calculations of the unrealized gains and/or losses,

with drafts of such materials to be provided within 30 days of the end of each fiscal quarter (i.e. March 31, June 30, September 30 and December 31);

- (iv) within 60 days after the end of each fiscal quarter, a Compliance Certificate for such period, with draft to be provided within 45 days of the end of each fiscal quarter;
- (v) within 150 days after the end of each fiscal year, a Compliance Certificate for such period, with a draft of such Compliance Certificate to be provided within 90 days of the end of each fiscal year;
- (vi) within 60 days after the end of each fiscal year, an Oil and Gas Ownership Certificate, satisfactory to Lender including a schedule of major producing petroleum and natural gas reserves held by the Loan Parties described by lease (type, date, term, parties), legal description (wells and spacing units), interest (W.I. or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances and overrides;
- (vii) within 60 days after the end of each fiscal year, an LMR and decommissioning expense report, and an update as to the amount the Borrower has expended on decommissioning expenses during the applicable fiscal year and how it has performed against the budgeted amount in the applicable decommissioning budget with an explanation from management to explain any material variations therefrom and any other matters related to any changes in the Borrower's abandonment and reclamation policies;
- (viii) within 120 days after the end of each fiscal year, an annual externally-prepared engineering report of the Loan Parties' total proved properties (including, without limitation, the Borrowing Base Assets) prepared by an accredited, independent firm of consulting petroleum engineers satisfactory to Lender;
- (ix) within 90 days after the end of each fiscal year, the ValNav database of the reserve report referenced in Section 8.1(w)(viii) (including, without limitation, the Borrowing Base Assets) or, if a different reserve valuation software is used, an input report, in form acceptable to the Lender, detailing the production and decline parameters, price deck, royalties, fixed and variable cost parameters, capital expenditures, currency exchange rates and such other information as Lender may require, together with the resulting economic summary report(s) showing overall forecast revenues, royalties, costs and resulting present value, discounted at 12% per annum, of the PDP, 2P and TP reserves (as commonly defined in the oil and gas industry);
- (x) semi-annually on or before May 31 and November 30 respectively, of each fiscal year, an Abandonment and Reclamation Report for the relevant period, in a format acceptable to Lender and a completed "LMR Decommissioning Expense

Worksheet", and an update as to the amount the Loan Parties have expended on decommission expenses during the applicable Fiscal Year and how they have performed against the budgeted amount in the applicable decommissioning budget with an explanation from management to explain any material variations therefrom and any other matters related to any changes in the Borrower's abandonment and reclamation policies;

- (xi) an ARO Budget delivered annually concurrently with the annual reporting referenced in paragraph 8.1(w)(i) above (with ARO Schedule);
  - (xii) prompt notification relating to any Energy Regulator notices/directives received by the Borrower directly or indirectly relating to abandonment, reclamation and non-compliance matters; and
  - (xiii) such other information as may be reasonably requested by the Lender from time to time;
- (x) **Quarterly Meetings:** the Borrower shall schedule quarterly meetings with the Lender to review the financial and operating performance of the Loan Parties with disclosure equivalent to that of a formal observer role of the Board of Directors;
  - (y) **Material Subsidiaries:** within ten days of a Subsidiary qualifying as a Material Subsidiary hereunder, cause each such Material Subsidiary to become a Guarantor hereunder and deliver its Security (which may, at the Lender's discretion, include, without limitation, all Security as required in Section 6.1) to the Lender, together with registrations and opinions from counsel which may be required by the Lender;
  - (z) **Movement of Assets:** the Borrower shall provide the Lender 20 days' prior written notice where any of its assets, in an individual occurrence or a series of connected occurrences, valued in the aggregate in excess of \$100,000, are to be moved to a jurisdiction where the Loan Parties do not currently carry on business;
  - (aa) **Engineering Data, etc.:** the Borrower will ensure that all engineering data, production and cash flow projections and such other information and data regarding the Loan Parties and the Borrowing Base Assets provided to the Lender by or on behalf of the Loan Parties (including without limitation, any engineering reports and land schedules) are true and accurate in all material respects as at the time provided and fairly reflect the interests of the Loan Parties therein net of all royalties and other burdens affecting the same;
  - (bb) **Fixed Charge Undertaking:** each Loan Party undertakes that, upon request from the Lender, such Loan Party will grant a fixed mortgage and charge to Lender on any or all real property of that Loan Party so designated by Lender. The Borrower shall promptly provide to the Lender all information reasonably requested by the Lender to assist it in obtaining and perfecting such fixed security. The Borrower acknowledges that this undertaking constitutes present and continuing security in favour of the Lender, and that the Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as the Lender may determine necessary to ensure perfection of such fixed security if and when required to be granted by the Borrower hereunder;
  - (cc) **Material Adverse Effect - Environment:** provided a Material Adverse Effect with respect to any matter respecting the Borrower and the Environment has been identified and is continuing, then, at the request of the Lender, the Loan Parties will assist the Lender in

conducting an environmental audit of the property which is the subject matter of such obligations or liabilities, by an independent consultant selected by the Lender. The cost of such audit will be for the account of the Loan Parties, provided that the Lender will carry out such audit in consultation with the Borrower to expedite its completion in a cost effective manner. If such audit indicates that any Loan Party is in breach, or with the passage of time is likely to be in breach, of any Environmental Laws and such breach or potential breach individually or in the aggregate would have, in the opinion of the Lender, acting reasonably, a Material Adverse Effect, and without in any way prejudicing or suspending any of the rights and remedies of the Lender under the Loan Documents, the applicable Loan Party will forthwith commence and diligently proceed to rectify or cause to be rectified such breach or potential breach, as the case may be, and will keep the Lender fully advised of the actions they intend to take and have taken to rectify such breach or potential breach and the progress they are making in rectifying same. The Lender will be permitted to retain, for the account of the applicable Loan Party, the services of a consultant to monitor the Loan Parties' compliance with this Section 8.1(cc);

- (dd) **Notice of Abandonment/Reclamation Order:** the Borrower shall provide to the Lender, promptly following the receipt thereof, copies of any Abandonment/Reclamation Order or other notices or communications related to any material directives, rules, regulations or other orders issued by any applicable Energy Regulator to the Borrower, together with, as applicable, a reasonable and factually supportable estimate of such costs within 15 Business Days of its receipt of the applicable order and shall deliver to the Lender all such relevant information related to such estimate as may be reasonably required by the Lender, with such estimate to be certified by a senior officer of Borrower;
- (ee) **Maintenance of LLR:** the Borrower shall maintain an LLR in each Material Jurisdiction of no less than:
  - (i) 1.5 through to and including June 30, 2023; and
  - (ii) 2.0 thereafter; and
- (ff) **Changes in LLR Parameters:** If:
  - (i) because of a Change in Law, any applicable Energy Regulator ceases to use an LLR system as a means of determining compliance with ARO policies in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets;
  - (ii) the method of calculation of any such LLR changes in any material manner in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets; or
  - (iii) if the threshold for which license transfers of regulated properties permitted under a licensee liability regime in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets changes,

then, in any such case, the Borrower and the Lender shall enter into good faith discussions with a view to determining a comparable rating system or threshold, as applicable, to replace the concept of LLR that is, at such time, broadly accepted as the prevailing market practice for such regulation in the applicable jurisdiction(s), with the intent of having the respective positions of the Lender and the Borrower after such change conform as nearly

as possible to their respective positions immediately prior to such change; provided that, until any such agreement is reached, LLR shall continue to be calculated as if no such change had occurred.

## 8.2 Covenants Regarding the Borrower's Workout Plan

The Borrower covenants with the Lender to:

- (a) deliver to the Lender, by email, a status update in respect of the Equity Raise on or before April 28, 2023, including copies of correspondence evidencing *bona fide* discussions to satisfy the Equity Raise;
- (b) deliver to the Lender a term sheet in respect of the Equity Raise or other such term sheet or similar document, in such form as is satisfactory in the sole and unfettered discretion of the Lender, on or before May 15, 2023;
- (c) deliver to the Lender confirmation and evidence of completion of the Equity Raise, in such form as is satisfactory in the sole and unfettered discretion of the Lender, on or before May 31, 2023;
- (d) repay \$2,000,000 of principal outstanding under the Loans using proceeds from the Equity Raise;
- (e) repay any Indebtedness related to the Capital Program using proceeds from the Equity Raise; and
- (f) not make any cash payments to Tartan pursuant to the MSA during the Capitalized Period and during any Event of Default thereafter, until the date of completion of the Equity Raise, provided that the Borrower is otherwise in compliance with this Agreement.

## 8.3 Negative Covenants

During the term of this Agreement, each Loan Party covenants with the Lender that, without the prior written consent of the Lender:

- (a) **Restriction on Amalgamation:** it shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, other than, in each case, with another Loan Party;
- (b) **Restriction on Reorganization:** it shall not amend its constating documents in any manner adverse to the interests of the Lender or the Security or otherwise enter into any other form of business combination (other than as expressly permitted pursuant to Section 8.3(a) above);
- (c) **Restriction on Liens:** except for Permitted Liens, it shall not create, incur, assume or suffer to exist any Lien upon or with respect to any of its undertaking, properties, rights or assets, whether now owned or hereafter acquired;

- (d) **Restriction on Asset Sales:** it shall not directly or indirectly, make any sale, exchange, lease, transfer or other disposition of any of its assets, other than Permitted Dispositions;
- (e) **Restriction on Shares Sales:** it shall not sell, transfer, convey, encumber or otherwise dispose of any shares or securities held in any other Loan Party or permit any reorganization or Change of Control of any Loan Party (other than solely among Loan Parties);
- (f) **Restriction on Capital Expenditures:** it shall not make any capital expenditure if any Event of Default in addition to the Existing Event of Default has occurred and is continuing, and provided further, that for greater certainty, capital expenditures related to maintenance, repairs, or other modifications to existing assets shall not constitute capital expenditures for the purposes of this Section 8.3(f);
- (g) **Restriction on GORRs and ORRIs:** except pursuant to the Existing GORR or any GORR or ORRI granted in connection with a recompletion of the Wabamun zone on 02-23 Nisku drill and provided that an Event of Default has not occurred (for certainty, other than the Existing Event of Default), it shall not grant or permit any GORR or ORRI on or in respect of: (i) any production existing as at the Effective Date from any existing P&NG Rights, or (ii) any wellbore existing as at the Effective Date requiring any existing production to be permanently shut-in;
- (h) **Dividends and Distributions:** it shall not repay any shareholder loans or declare and pay any dividends, redeem shares or otherwise make any capital or other distributions or pay any amounts in respect of capital to its security holders or pay any management fees (other than, for greater certainty, in connection with salaries paid to officers, directors or employees in accordance with existing employment agreements or otherwise in the ordinary course of business), other than to the holders of the Convertible Notes, subject to the provisions of the Noteholder Subordination Agreements;
- (i) **Transactions With Affiliates or Associates:** it shall not engage in any transaction with any Affiliate or Associate on terms which are less favorable to it than would be obtainable at the time in comparable transactions with any Person which is not an Affiliate or Associate;
- (j) **Financial Assistance:** it shall not make any contributions of capital or any other forms of equity investment in any Person, nor make any loan to, or provide any funds from the Loans to, any other Person or provide any Financial Assistance to any Person, other than, in each case, another Loan Party;
- (k) **Limitation on Indebtedness:** it shall not create, incur, assume or suffer to exist any Indebtedness other than Permitted Indebtedness;
- (l) **Investments:** it shall not make any direct or indirect (i) acquisition of any shares, partnership interests, participation interests in any arrangement, options or warrants, or any indebtedness, whether or not evidenced by any bond, debenture or other written evidence of such Person (other than another Loan Party), or (ii) acquisition, by purchase or otherwise, of all or substantially all of the business, assets or stock or other evidence of beneficial ownership of such Person (other than another Loan Party);



- (m) **Material Contracts:** it shall not modify, alter, amend (except to correct or rectify ambiguities or inconsistent provisions, clerical omissions or manifest errors), knowingly waive strict and timely performance of any compliance with or waive any default under, or terminate, cancel or suspend, or assign, any Material Contract;
- (n) **No Change to Existing GORR:** it shall not modify, alter, or amend (except to correct or rectify ambiguities or inconsistent provisions, clerical omissions or manifest errors), the Existing GORR;
- (o) **No Change of Name:** it shall not continue into any other jurisdiction and shall not change its name without providing the Lender with 30 days' prior written notice thereof;
- (p) **No Change in Business:** it shall not change the nature of its business or cease or threaten to cease to carry on the business currently being carried on by it or a substantial portion thereof or make or agree to make an assignment, disposition or conveyance, whether by way or sale or otherwise, of its assets in bulk (other than to another Loan Party);
- (q) **Restriction on Deposit Accounts:** it shall not maintain any operating and deposit accounts with any deposit taking institution other than which is subject to the DACA and disclosed in Schedule "F";
- (r) **Restriction on Assets of Subsidiaries:** subject to Section 8.1(y), it shall not permit any Subsidiary other than a Material Subsidiary to own more than 5% of the Consolidated Net Tangible Assets or to have revenue (calculated on its preceding consecutive twelve month period) constituting more than 5% of the consolidated revenue of the Loan Parties for the then preceding consecutive twelve month period;
- (s) **Swaps:** it will not enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to GAAP); provided that, without limiting the generality of the foregoing, the following shall be deemed to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:
  - (i) any Interest Swap if the equivalent amount in Canadian dollars of the notional amount of Indebtedness under such Interest Swap together with the equivalent amount in Canadian dollars of the notional amount of all other Interest Swaps then in effect in respect of the Loan Parties exceeds the underlying exposure to the risk hedged or sought to be hedged by such Interest Swap at the time such Interest Swap is entered into;
  - (ii) any Commodity Swap if the term of such Commodity Swap exceeds two years or if the aggregate amount of Petroleum Substances subject to such Commodity Swap, together with all other Commodity Swaps then in place, would exceed in the aggregate on a rolling basis for the next following two years, 75% in the first year and 60% in the second year, in each case, of the Loan Parties' combined average daily production of such Petroleum Substances (net of royalties) during the immediately preceding fiscal quarter of the Borrower, as determined at the time any such Commodity Swap is entered into and as adjusted for acquisitions, divestitures and extraordinary events during such fiscal quarter in a manner satisfactory to the Lender, acting reasonably;

- (iii) any Currency Swap if the aggregate amount hedged under all Currency Swaps at the time any such Currency Swap is entered into exceeds the Loan Parties' U.S. dollar underlying exposure, whether direct or indirect, to the risk hedged or sought to be hedged by such Currency Swap at the time such Currency Swap is entered into;
- (iv) any Interest Swap or Currency Swap having a term from its inception to maturity exceeding two years; and
- (v) any Swap in respect of which a Lien is granted, except for Permitted Liens;

and to the extent the Borrowing Base includes any value for any Swap, such Swap shall not be terminated by the applicable Loan Party without the prior written consent of the Lender except at its maturity and in accordance with its terms;

- (t) **Pollutants:** a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all Applicable Laws including without limitation, Environmental Laws, in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutant, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (u) **Asset Acquisitions or Dispositions LLR:** the Borrower will not acquire or dispose of any assets which would result in the Borrower's *pro forma* LLR to be less than the lesser of 2.0 and the then current LLR of the Borrower in such Material Jurisdiction, as applicable, if such acquisition or disposition is of an asset where the Borrower has an operator interest (as determined by the applicable Energy Regulator's order, guideline, directive or regulation, directly or indirectly relating to ARO matters);
- (v) **Swap Monetization:** a Loan Party shall not monetize any Swaps; and
- (w) **Payments on Permitted Indebtedness:** the Borrower shall not make any payments of principal pursuant to the MSA or the Convertible Notes if doing so could reasonably be expected to cause an Event of Default.

#### 8.4 Financial Covenants

So long as this Agreement is in force, the Borrower shall maintain:

- (a) an Asset Coverage Ratio of not less than:
  - (i) 1.40:1.00, for the period up to and including the Effective Date; and
  - (ii) 2.00:1.00 thereafter; and
- (b) a Debt Service Coverage Ratio of not less than 1.25:1:00, commencing with the fiscal quarter of the Borrower ending June 30, 2023 and thereafter.

## ARTICLE 9 EVENTS OF DEFAULT

### 9.1 Events of Default

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

- (a) **Non-Payment:** non-payment of principal, interest, fees or any other amounts outstanding under this Agreement and such non-payment is not remedied within five days from the due date thereof;
- (b) **Breach of Covenants:** if a Loan Party neglects to observe or perform any covenant or obligation in any Loan Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 9.1) and such Loan Party fails to remedy such default within 10 Business Days from the date of occurrence. Notwithstanding the previous provision, any breach of Section 8.2 shall be deemed to be an immediate Event of Default that is not subject to the curative provision set forth herein;
- (c) **Representations and Warranties:** if any representation or warranty made by a Loan Party in this Agreement, any Loan Document or in any certificate or other document at any time delivered hereunder to the Lender proves to have been incorrect or misleading in any material respect on and as of the date that it was made or was deemed to have been made and the Borrower fails to remedy such default within ten Business Days of the occurrence of such event;
- (d) **Voluntary Insolvency:** if a Loan Party shall:
  - (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;
  - (ii) be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;
  - (iii) make a general assignment for the benefit of creditors;
  - (iv) commit an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or make any filing, or be subject to any proceedings under the *Companies' Creditors Arrangement Act* (Canada), or any legislation similar or analogous to the foregoing;
  - (v) commence any cause, proceeding or other action under any existing or future law relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or

- (vi) take corporate action for the purpose of effecting any of the foregoing;
- (e) **Involuntary Insolvency:** if any cause, proceeding or other action shall be instituted after the Effective Date in any court of competent jurisdiction, against a Loan Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of a Loan Party of all or any substantial part of its assets, or any other like relief in respect of it under any bankruptcy or insolvency law, and any such cause, proceeding or other action continues unstayed and in effect for a period of ten Business Days;
- (f) **Invalid Loan Documents:** if any provision of the Loan Documents shall for any reason be invalid, unenforceable or no longer in effect;
- (g) **Judgments:** if a judgment for any amount in excess of \$200,000 is obtained against a Loan Party which remains unsatisfied and undischarged for a period of ten Business Days during which such judgment shall not be on appeal or execution thereof shall not be effectively stayed;
- (h) **Writs:** if a writ, attachment, execution or similar process for any amount in excess of \$200,000 is levied against property of a Loan Party and such writ, attachment, execution or similar process is not released, satisfied, discharged, vacated or stayed within ten Business Days after its entry, commencement or levy;
- (i) **Cross Default:** if any Loan Party defaults in the payment when due of: (i) any Indebtedness for any amount in excess of \$200,000, or otherwise defaults in the performance or observance of any agreement or condition in respect of Indebtedness for any amount in excess of \$200,000 that causes such Indebtedness to become due and payable, or (ii) any amounts owing to parties other than the Lender who, in the Lender's sole opinion, have or could have a security interest, trust or deemed trust in the property, assets or undertaking of the Loan Party which, in the Lender's sole opinion could rank in priority to the security held by the Lender; and, in either case, such breach or default is not remedied within any applicable cure period in the relevant agreement with respect to such Indebtedness, security interest, trust or deemed trust;
- (j) **Default in Payment of Wages:** if a Loan Party defaults or fails to make any payment of wages or other monetary remuneration payable to its employees under the terms of any contract of employment, oral or written, express or implied;
- (k) **Priority Payables:** if a Loan Party fails to remit to the applicable Governmental Authority any material Priority Payables owing by it within ten Business Days of the date that Priority Payable became due;
- (l) **Environmental Order:** if any Environmental Order is issued by any Governmental Authority against a Loan Party and that Environmental Order has not been satisfied or discharged within the time allowed for in that Environmental Order or, if no time is specified in that Environmental Order, within 90 days after the date that Environmental Order was received by a Loan Party (or any longer period as Lender may agree to, acting reasonably, provided that such Loan Party is at all times acting diligently and in good faith to satisfy the Environmental Order); and save and except where that Environmental Order

is being contested actively and diligently in good faith by appropriate and timely proceedings and the enforcement of that Environmental Order has been stayed;

- (m) **Seizure of Assets:** if any of the assets of a Loan Party subject to the Security are seized or otherwise attached pursuant to any legal process, including distress, execution or any similar proceeding, and the same is not released or discharged within the shorter of a period of fifteen Business Days or ten Business Days less than such a period as would permit such property to be sold pursuant thereto;
- (n) **Change of Control:** if there is a Change of Control of any Loan Party;
- (o) **Material Adverse Effect:** if, in the reasonable opinion of the Lender, a Material Adverse Effect occurs; or
- (p) **Borrowing Base Shortfall:** if at any time the Borrowing Base, upon any redetermination hereunder, divided by 1.4 up to and including March 31, 2023, and divided by 2.0 thereafter, is less than the aggregate of the Loans, with such deficiency amount being referred to herein as the "**Borrowing Base Shortfall**", then any undrawn credit hereunder shall cease to be available to the Borrower and the Loans shall be permanently reduced to an amount equal to the Borrowing Base. In addition, the Borrower shall, within 45 days from its receipt of notice of such Borrowing Base Shortfall in writing from Lender (the "**BBS Cure Period**"), eliminate the Borrowing Base Shortfall by:
  - i) providing Lender, or causing another Loan Party to provide Lender, other security or third party guarantees for the Loans in form, substance, amount and in respect of assets satisfactory to all Lender in its sole discretion (provided that any additional oil and gas assets offered as security will be evaluated by Lender in accordance with its normal oil and gas evaluation parameters); and/or
  - ii) effecting a permanent repayment of the Loans in excess of the new redetermined Borrowing Base.

During the BBS Cure Period, Lender shall not be obligated to make any further Loans available under this Agreement. If the Borrowing Base Shortfall is not eliminated as required above within the BBS Cure Period, such failure shall be an Event of Default for the purposes of this Agreement. If the Borrowing Base Shortfall is eliminated as required above within the BBS Cure Period, then the undrawn credit hereunder shall again become available on the terms and conditions hereof to the extent of the Loans (as permanently reduced to the newly determined Borrowing Base) in accordance with the provisions hereof.

## 9.2 Acceleration and Enforcement

- (a) If any Event of Default occurs:
  - (i) the outstanding principal amount of the Loans and all other Obligations will, at the option of the Lender, become immediately due and payable with interest thereon, at the rate or rates determined as herein provided, to the date of actual payment thereof, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, all of which are hereby expressly waived by the Borrower; provided that, if any Event of Default described in Section 9.1(d)

or 9.1(e) with respect to the Borrower occurs, the outstanding principal amount of the Loans and all other Obligations will automatically be and become immediately due and payable;

- (ii) the Borrower shall not make any further payments of Permitted Indebtedness, other than the Indebtedness under this Agreement; and
  - (iii) the Lender may, in its discretion, exercise any right or recourse and proceed by any action, suit, remedy or proceeding against the Loan Parties authorized or permitted by law for the recovery of all the Obligations to the Lender and, whether or not the Lender has exercised any of its rights under Section 9.2(a), proceed to exercise any and all rights hereunder and under the Security.
- (b) The Lender is not under any obligation to the Loan Parties or any other Person to realize upon any collateral or enforce the Security or any part thereof or to allow any of the collateral to be sold, dealt with or otherwise disposed of. The Lender is neither responsible nor liable to the Loan Parties, or any of them, or any other Person for any loss or damage arising from such realization or enforcement or the failure to do so or for any act or omission on its part or on the part of any director, officer, employee, agent or adviser of the Lender in connection with any of the foregoing.

### **9.3 Waiver of Default**

Any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Loan Parties hereby waive any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under the Loan Documents.

### **9.4 Application of Payments Following Acceleration**

Except as otherwise agreed to by the Lender in its sole discretion, any sum received by the Lender at any time after acceleration of the Loans pursuant to Section 9.2 or the occurrence of an Event of Default, shall be applied by the Lender in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) first, in or towards payment of any fees or expenses then due and payable to the Lender hereunder;
- (b) second, in respect of amounts due and payable to the Lender as and by way of recoverable expenses hereunder;
- (c) third, in respect of amounts due and payable to the Lender by way of interest pursuant to Section 3.1;

- (d) fourth, in respect of any other amount not hereinbefore referred to in this Section 9.4 which are then due and payable by the Loan Parties hereunder; and
- (e) fifth, in or towards repayment to the Lender of all other amounts then outstanding hereunder.

## **9.5 Remedies Cumulative**

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement therein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement therein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. The Lender may to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

- (a) the specific performance of any covenant or agreement contained in the Loan Documents;
- (b) enjoining a violation of any of the terms of the Loan Documents;
- (c) aiding in the exercise of any power granted by the Loan Documents or by law; or
- (d) obtaining and recovering judgment for any and all amounts due in respect of the Loan or amounts otherwise due hereunder or under the Loan Documents.

## **9.6 Set-Off**

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time after the occurrence of an Event of Default which has not theretofore been waived by the Lender and from time to time thereafter without notice to the Borrower or to any other Person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Lender to or for the credit of or the account of the Loan Parties against and on account of the obligations and liabilities of the Loan Parties to the Lender under this Agreement, including without limitation, all claims of any nature or description arising out of this Agreement or the Loan Documents, irrespective of whether or not the Lender has made any demand under this Agreement and although these obligations, liabilities or claims of the Loan Parties or any of them are contingent or unmatured.

## **9.7 Lender May Perform Covenants**

If the Loan Parties, or any of them, shall fail to perform any covenant on its part herein contained, the Lender may perform any of the said covenants capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds. All amounts so paid by the Lender hereunder shall be repaid by the Borrower on demand therefor, and shall bear interest at the Interest Rate from the date paid by the Lender hereunder to and including the date such amounts are repaid in full by the Borrower.

## ARTICLE 10 INDEMNITIES

### 10.1 Illegality

If any Change in Law makes it unlawful or prohibited for the Lender (acting reasonably and in good faith) to make, to fund or to maintain the Loans or a portion of the Loans or to perform its obligations under this Agreement, the Lender may, by written notice to the Borrower terminate its obligations under this Agreement to make the Loans or perform such obligations and the Borrower shall repay the Loans forthwith (or at the end of such period as the Lender in its discretion agrees acting in good faith) together with all accrued but unpaid interest and fees as may be to the date of payment.

### 10.2 General Indemnity

The Borrower hereby covenants with the Lender that it shall at all times hereafter keep the Lender indemnified and held harmless from and against all suits (whether founded or unfounded), actions, proceedings, judgments, demands or claims instituted or made against the Lender, and all costs, losses, liabilities, damages and expenses (including all reasonable and documented legal fees on a solicitor and his own client basis) incurred by the Lender, in any way relating to, arising out of, or incidental to (i) the Lender entering into or being a party to any of the Loan Documents, or by reason of its exercising or performing any right, power or obligation under any of the Loan Documents or in connection with its interest in any Lien granted under the Loan Documents, (ii) the breach of or non-compliance with any Environmental Law by any mortgagor, owner or lessee of any property or any of the properties now or previously used by the Loan Parties, (iii) the occurrence of any applicable default or Event of Default under this Agreement, or (iv) any failure to fulfill the conditions precedent as provided for in this Agreement, if as a result of that failure the initial advance under the Loans is not made on the anticipated date, including but not limited to any loss or expense sustained or incurred in liquidating or redeploying deposits or other funds contracted for or acquired or used to effect or maintain any part of that advance. This indemnity shall extend to the Lender and the officers, directors, employees, shareholders and assignees of the Lender and to the general partner of the Lender, and to its officers, directors, employees, shareholders and assignees (collectively the "**Indemnitees**") provided that this indemnity shall not apply to any matters caused by the gross negligence or wilful misconduct of the Indemnitees. This indemnity shall survive the termination of this Agreement.

## ARTICLE 11 ASSIGNMENT AND PARTICIPATION

### 11.1 Assignment

The Borrower may not assign its rights or obligations hereunder without the prior written consent of the Lender. The Lender may, with the Borrower's consent, such consent not to be unreasonably withheld, or without the Borrower's consent where an Event of Default has occurred and is continuing, assign in whole or in part its rights and obligations under this Agreement and the other Loan Documents to any Person. Upon any assignment by the Lender to an assignee in accordance with the foregoing provisions of this Section (an "**Assignee**"), the Assignee shall, to the fullest extent permitted by law, have the same rights and benefits hereunder and under the other Loan Documents and the same continuing obligations as it would have if it were such Lender hereunder.

### 11.2 Participations

The Lender may, without the consent of the Borrower, grant one or more participations in the Loan to other persons, provided that the granting of such a participation shall not affect the obligations of the



Lender hereunder. No participant of the Lender shall have any rights or benefits hereunder, nor shall the consent or approval of such participant be required for any consent, approval or waiver from the Lender or any other action by the Lender, including, without limitation, under Section 9.2.

## **ARTICLE 12 MISCELLANEOUS**

### **12.1 Severability**

If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

### **12.2 Survival of Undertakings**

All covenants, undertakings, agreements, representations and warranties made pursuant to this Agreement shall survive the execution and delivery of this Agreement and continue in full force and effect until the full payment and satisfaction of all obligations of the Borrower incurred pursuant to the Loan Documents and the termination of this Agreement.

### **12.3 Failure to Act**

No failure, omission or delay on the part of the Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

### **12.4 Amendments**

No amendment, waiver, discharge or termination of any provision of the Loan Documents shall in any event be effective unless it is in writing and then such amendment, waiver, discharge or termination will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

### **12.5 Notice**

If to the Lender:

Invico Diversified Income Limited Partnership  
600, 209 - 8 Avenue SW  
Calgary, AB T2P 1B8

Attention: Allison M. Taylor  
Email: amtaylor@invicocapital.com

If to the Borrower:

Free Rein Resources Ltd.  
Suite 3900, 350 - 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9

Attention: Terry R. McCallum

Email: terry@freereinres.com

Any such communication shall be deemed to have been validly and effectively given if (i) personally delivered or if delivered by email transmission, on the date of such delivery if such date is a Business Day and such delivery was made prior to 5:00 p.m. (Calgary time), otherwise on the next Business Day, and (ii) mailed, on the fifth Business Day next following the mailing thereof, provided that postal service is in normal operation during such time. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the party at its changed address.

## **12.6 Further Assurances**

The Loan Parties shall do all such further acts and things and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms of the Loan Documents.

## **12.7 Governing Law**

The Parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

## **12.8 Whole Agreement**

This Agreement together with the other Loan Documents constitute the whole and entire agreement between the Parties and cancels and supersedes any prior agreements, undertakings, declarations and representations, written or verbal, in respect of the subject matter of this Agreement and the other Loan Documents.

## **12.9 Paramountcy**

In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this Agreement and the term sheet in respect hereof or any other Loan Document, then the provisions of this Agreement shall govern and be paramount, and any such provision in such other document shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

## **12.10 Term of Agreement**

The term of this Agreement is until the payment in full of all the obligations of the Borrower incurred pursuant to this Agreement.

## **12.11 Time of Essence**

Time shall be of the essence of this Agreement.

## **12.12 Counterpart; Electronic Execution**

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement and the execution and delivery of counterparts

of this Agreement by telecopier or other electronic means (including PDF format) by any party shall be binding upon the parties hereto.

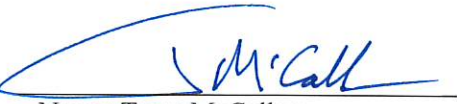
### **12.13 Amendment and Restatement**

Relying on each of the representations and warranties set forth in this Agreement and subject to the terms and conditions of this Agreement, the Parties hereby agree that, effective on the Effective Date, the Original Loan Agreement shall be amended and restated in its entirety on the terms and conditions of this Agreement, without in any way affecting the rights or obligations of any party which may have accrued as of the Effective Date pursuant to the provisions of such agreement prior to their amendment and restatement hereunder.

**[The remainder of this page has intentionally been left blank.]**

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be duly executed as of the date first above written.

**FREE REIN RESOURCES LTD.,** as borrower

Per:   
Name: Terry McCallum  
Title: Chairman & Chief Executive Officer

Per:   
Name: Rod Monden  
Title: Chief Financial Officer

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP** by its general partner, **INVICO  
DIVERSIFIED INCOME MANAGING GP INC.,** as lender


Per: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be duly executed as of the date first above written.

**FREE REIN RESOURCES LTD.**, as borrower

Per: \_\_\_\_\_  
Name:  
Title:

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP** by its general partner, **INVICO  
DIVERSIFIED INCOME MANAGING GP INC.**, as lender

Per:   
Name: Jason Brooks  
Title: President

**SCHEDULE "A"**  
**COMPLIANCE CERTIFICATE**

TO: Invico Diversified Income Limited Partnership  
600, 209 – 8 Avenue SW  
Calgary Alberta T2P 1B8  
Attention: Allison M. Taylor  
Email: amtaylor@invicocapital.com

Dear Sirs/Mesdames:

1. Reference is made to the amended and restated loan agreement made effective as of March 31, 2023 (as further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") between **FREE REIN RESOURCES LTD.**, as borrower (the "**Borrower**"), and **INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP**, as lender (the "**Lender**"). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Loan Agreement.
2. I, **[name]**, in my capacity as the \_\_\_\_\_ of the Borrower and not in any personal capacity, and I, **[name]** hereby certify that as of the date hereof:
  - (a) the representations and warranties set forth in the Loan Agreement are true and correct on the date hereof; and
  - (b) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default has occurred and is continuing.
3. As at **[insert period]**, 20\_\_,:
  - (a) the Asset Coverage Ratio is \_\_\_\_\_:1.00, being not be less than **[the required Asset Coverage Ratio of: (i) 1.40:1.00 for the period up to and including the Effective Date, and (ii) 2.00:1.00 thereafter]**; and
  - (b) the Debt Service Coverage Ratio is \_\_\_\_\_:1.00, being not less than the required Debt Service Coverage Ratio of 1.25:1.00, commencing with the fiscal quarter ending June 30, 2023, and thereafter.
4. The calculation of the financial ratios referred to in paragraphs 3(a) and 3(b) above is as set out, together with a reconciliation of such calculation to the consolidated financial statements of the Borrower, in Exhibit 1 attached hereto.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_

Name:

Title:

**SCHEDULE "B"**  
**REQUEST FOR EXTENSION**

Date: \_\_\_\_\_

Invico Diversified Income Limited Partnership  
600, 209 – 8 Avenue SW  
Calgary, AB T2P 1B8

Attention: Allison M. Taylor

Dear Sirs/Mesdames:

We refer to the amended and restated loan agreement made effective as of March 31, 2023 (as further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") between **FREE REIN RESOURCES LTD.**, as borrower (the "**Borrower**"), and **INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP**, as lender (the "**Lender**"). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Loan Agreement.

In accordance with the Loan Agreement, we hereby request that Lender provide an offer to extend the Maturity Date under the Loans for a period of up to 365 days.

We hereby certify that:

1. except as disclosed to Lender in writing, the representations and warranties contained in the Loan Agreement are true and correct on the date hereof and will be true and correct on the date of extension, as applicable, with the same effect as if such representations and warranties were made on such dates; and
2. no event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Loan Agreement or any Loan Document granted in connection therewith and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

If you will offer this extension on the existing terms and conditions, please execute the counterpart of this request for extension and return it to us in accordance with the provisions of the Loan Agreement.

Yours truly,

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SCHEDULE "C"**  
**DRAWDOWN NOTICE**

TO: Invico Diversified Income Limited Partnership  
600, 209 – 8 Avenue SW  
Calgary, AB T2P 1B8  
Attention: Allison M. Taylor  
E-mail: amtaylor@invicocapital.com

Dear Sirs/Mesdames:

Reference is made to the amended and restated loan agreement made effective as of March 31, 2023 (as further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") between **FREE REIN RESOURCES LTD.**, as borrower (the "**Borrower**"), and **INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP**, as lender (the "**Lender**"). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Loan Agreement.

The Borrower hereby requests the following drawdown pursuant to the provisions of the Loan Agreement:

- (a) Date of Advance: \_\_\_\_\_
  - (b) Loan (Tranche B or C): \_\_\_\_\_
  - (c) Amount of Advance: \_\_\_\_\_
  - (d) Special Instructions (if any): \_\_\_\_\_
- 1) For Tranche B Advance, detailed support has been provided to evidence compliance with Section 2.2(b), including, but not limited to, well licenses and authorizations for expenditure that are expected to add material incremental economic value to the Borrowing Base.
  - 2) The representations and warranties set forth in the Loan Agreement, the Security and any Loan Document are true and correct in all material respects on the date hereof.
  - 3) No event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred and is continuing on the date hereof, or would result from the making of the advance.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "D"**  
**FORM OF ENVIRONMENTAL CERTIFICATE**

TO: Invico Diversified Income Limited Partnership (the "**Lender**")

Re: Amended and restated loan agreement dated effective as of March 31, 2023 (as further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") between **FREE REIN RESOURCES LTD.**, as borrower (the "**Borrower**"), and the Lender.

This Environmental Certificate is given pursuant to Section 8.1(w) of the Loan Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Loan Agreement.

- (a) I am the duly appointed \_\_\_\_\_ of Borrower and hereby make the following certifications in such capacity for and on behalf of Borrower and not in my personal capacity and without assuming any personal liability whatsoever.
- (b) The following certifications are made to the best of my knowledge, information and belief, after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Loan Parties to confirm that the internal environmental reporting and response procedures of the Loan Parties have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct in all material respects, and that matters reported on by such officers and staff are true and correct in all material respects.
- (c) The Loan Parties have each complied with all Environmental Laws relating to its assets, business and operations, except to the extent that the failure to do so would not, in the aggregate, have a Material Adverse Effect, and:
  - (i) each of the Loan Parties possess all environmental licences, permits and other Governmental Authorizations necessary to conduct their respective businesses, including operations at its properties and facilities, other than such licences, permits and other Governmental Authorizations the absence of which would not in the aggregate, have a Material Adverse Effect,
  - (ii) none of the Loan Parties have received any notices to the effect that the operations or the assets of any Loan Party on its real property are: (i) not in full compliance with all Environmental Laws except to the extent that any failure to do so would not have, in the aggregate, a Material Adverse Effect or (ii) the subject of any federal or provincial remedial or control action or order, or any investigation or evaluation as to whether any remedial action is needed to respond to a Release or threatened Release of any Hazardous Materials into the Environment or any facility or structure, except to the extent any failure to comply would not have a Material Adverse Effect, and
  - (iii) none of the Loan Parties have received any notices or claims that it is or may be liable to any Person in any material amount (including any individual or government, whether federal, provincial, city or municipal) as a result of the

Release or threatened Release of any Hazardous Materials into the Environment or into any facility or structure nor have there been any Releases of any Hazardous Materials into the Environment or into any facility or structure, which after lapse of time, would give rise to any Environmental Claims which would have a Material Adverse Effect nor has any Loan Party been made aware that there is any basis for any such Environmental Claims being commenced nor has any Loan Party ever been convicted of any offence in respect of Environmental Claims.

- (d) This Environmental Certificate is signed by the undersigned officer of the Borrower in his capacity as an officer of the Borrower without personal liability to the undersigned officer.
- (e) This Environmental Certificate may be executed electronically and delivered by email, facsimile or other functionally equivalent electronic means.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Signature page to Form of Environmental Certificate

**SCHEDULE "E"**  
**FORM OF OIL AND GAS OWNERSHIP CERTIFICATE**

TO: Invico Diversified Income Limited Partnership (the "**Lender**")

RE: Amended and restated loan agreement dated March 31, 2023 (as further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") between **FREE REIN RESOURCES LTD.**, as borrower (the "**Borrower**"), and the Lender.

This certificate is delivered pursuant to Section 8.1(w) of the Loan Agreement.

The undersigned, \_\_\_\_\_, being the \_\_\_\_\_ of the Borrower hereby certifies for and on behalf of the Borrower and each Loan Party (collectively, the "**Loan Parties**") and not in any personal capacity and without assuming any personal liability whatsoever, as follows:

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the "**Title Enquiries**") relating to the hydrocarbons and lands or interests in lands (the "**Lands**") described in [**describe Engineering Reports**] with respect to the Loan Parties' proved plus probable reserves (collectively, the "**Engineering Reports**").
2. Attached hereto is a complete listing of all of the petroleum and natural gas rights of the Loan Parties and each constituting interests in land (including legal descriptions, Crown lease numbers, issue dates, zone restrictions, names of freehold lessors, before and after payout working interests, and all royalties and burdens encumbering such interests).
3. Based upon the Title Enquiries, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents the Loan Parties from providing a security interest over such Lands to the Lender, or which would prevent the Lender from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and/or waiver of a right of first refusal in the event of the sale of the Lands on the realization and enforcement of such security.
4. Based upon the Title Enquiries, to the best of my knowledge, information and belief, the Loan Parties are, effective as of the date hereof, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Reports with respect to the Lands, subject to any Permitted Liens and to minor title defects.
5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Loan Parties or for which the Loan Parties are liable, including by any operator of the Lands) of payment of royalties in connection with the Lands which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this certificate which would reasonably be expected to have a Material Adverse Effect and no Loan Party nor any Person on behalf of a Loan Party (including any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, could reasonably be expected to have a Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default of any such obligation which would reasonably be expected to have a Material Adverse Effect.

- 6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, no Loan Party nor any Person on behalf of a Loan Party (including any operator of the Lands) has received notice of any claim adverse to a Loan Party's working, royalty and other interests in the Lands which if successfully asserted would reasonably be expected to have a Material Adverse Effect and there are no security interests or adverse claims, other than the Permitted Liens, which affect the title of any Loan Party to their respective interests in the Lands which in any way would reasonably be expected to have a Material Adverse Effect.
- 7. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands which would reasonably be expected to have a Material Adverse Effect and any Loan Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions which are reasonably expected to result in the diminishment or forfeiture of any material working, royalty and other interests, except those, without duplication, which are not prohibited by the Loan Agreement or which are accounted for in the Engineering Reports.
- 8. All of the working, royalty and other interests of the Loan Parties in respect of petroleum and natural gas rights described in the Engineering Reports are accurately reflected in the Engineering Reports in all material respects.
- 9. All the historical data provided by each Loan Party to the independent petroleum engineer providing such Engineering Report for use in connection therewith was prepared from information reasonably believed to be complete and accurate in all material respects.
- 10. All data in the possession of or available to each Loan Party which is material to the preparation of such Engineering Report has been made available to such independent petroleum engineer.
- 11. Capitalized words and phrases used herein and not otherwise defined herein have the meanings given to them in the Loan Agreement.
- 12. This certificate may be executed electronically and delivered by email, facsimile or other functionally equivalent electronic means.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FREE REIN RESOURCES LTD.**

By: \_\_\_\_\_  
Name:  
Title:

Signature page to Form of Oil & Gas Ownership Certificate

**SCHEDULE "A"**

<b><u>AREA</u></b>	<b><u>LEGAL</u></b>	<b><u>BORROWER'S TITLE</u></b>	<b><u>ENCUMBRANCES</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>DOCUMENTS</u></b>
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**SCHEDULE "F"**  
**DEPOSIT ACCOUNTS**

Account number	Account title/Owner	Depository Institution/ Intermediary	Currency	Location	Contact	Type of Account
<b>00365781779</b>	Free Rein Resources Ltd.	ATB Financial	CAD	Calgary, Stephen Ave Branch 102 8 Ave SW, Calgary, AB, T2P 1B3	Angela Higginson	Commercial
<b>00333069978</b>	Free Rein Resources Ltd.	ATB Financial	CAD	Calgary, Stephen Ave Branch 102 8 Ave SW, Calgary, AB, T2P 1B3	Angela Higginson	Unlimited Business Banking

**SCHEDULE "G"**  
**TELFORDVILLE ASSETS**

**MINERAL RIGHTS**

M00003-A	Status	Active	Lease date	Sep-01-2004	Gross rental	636.00	Hectares	Gross	Net
	Name/ID	PSK M67035	Expiry date	Aug-31-2009	Net rental	636.00	Developed	257.380	257.380
	Type	Petroleum & Natural Gas Lease	Extension date		Next rental date	Sep-01-2021	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Paid by	FREE REIN RESOURCES LTD.	Total	257.380	257.380
	Prov/State	Alberta		Production					
	Min int	100.00000000	Terminated						
	Int type	Working Interest							
	Lands	TWP 50 RGE 2 WSM 27 P&NG from Surface to Base Banff			DOI	INITIAL SET UP - Default / Rental FREE REIN RESOURCES LTD.			
						Percentage	Flags	Notes	
						100.00000000%	O		

M00006-A	Status	Active	Lease date	Mar-16-1995	Gross rental	224.00	Hectares	Gross	Net
	Name/ID	0495030519	Expiry date	Mar-15-2000	Net rental	134.40	Developed	0.000	0.000
	Type	Petroleum & Natural Gas Lease	Extension date	Mar-15-2999	Next rental date	Mar-15-2022	Undeveloped	64.000	38.400
	Area	Telfordville	Extension	Held By	Paid by	FREE REIN RESOURCES LTD.	Total	64.000	38.400
	Prov/State	Alberta		Production					
	Min int	100.00000000	Terminated						
	Int type	Working Interest							
	Lands	TWP 50 RGE 2 WSM 5E 28			DOI	SET UP - Default / Rental			
						Percentage	Flags	Notes	
						60.00000000%	O		
						40.00000000%			

M00008-A	Status	Active	Lease date	May-10-2017	Gross rental	988.25	Hectares	Gross	Net
	Name/ID	PSKM223936	Expiry date	May-09-2018	Net rental	706.07	Developed	164.708	117.679
	Type	Natural Gas Lease	Extension date	May-10-2099	Next rental date	May-10-2021	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Paid by	FREE REIN RESOURCES LTD.	Total	164.708	117.679
	Prov/State	Alberta		Production					
	Min int	100.00000000	Terminated						
	Int type	Working Interest							
	Lands	TWP 50 RGE 2 WSM PTN 33 Natural Gas In Ellerslie Member ALL OF SW QUARTER			DOI	SET UP - FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.			
						78.00000000%	O		
						22.00000000%			
						71.44680000%	O		
						28.55320000%			
						78.00000000%	O		
						22.00000000%			
								PTN OF NW QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 40.9 HA (101 ACES) MORE OR LESS	
								PTN OF NE QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 1.62 HA (4 ACES) MORE OR LESS	
								PTN OF SE QUARTER WHICH LIES TO THE SOUTH OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 13 OCTOBER A.S. 1887 CONTAINING 57.5 HA (142 ACES) MORE OR LESS	

M00009-A	Status	Active	Lease date	Apr-13-1993	Gross rental		Hectares	Gross	Net
	Name/ID	0493040127	Expiry date	Mar-31-1998	Net rental	0.00	Developed	93.200	55.920
	Type	Petroleum & Natural Gas Lease	Extension date	Apr-01-2099	Next rental date	Apr-01-2021	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Paid by	PETRUS RESOURCES CORP.	Total	93.200	55.920
	Prov/State	Alberta		Production					
	Min int	100.00000000	Terminated						
	Int type	Working Interest							
	Lands	TWP 50 RGE 2 WSM PTN N 33 TWP 50 RGE 2 WSM PTN SE 33 P&NG from Surface to Base Mannville Excluding Natural Gas from Surface to Base Ellerslie Member			DOI	RENTAL - FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.			
						60.00000000%	O		
						40.00000000%			
						40.00000000%			
						60.00000000%	O		

M00009-B	Status	Active	Lease date	Apr-13-1993	Gross rental	326.60	Hectares	Gross	Net
	Name/ID	0493040127	Expiry date	Mar-31-1998	Net rental	0.00	Developed	0.000	0.000
	Type	Petroleum & Natural Gas Lease	Extension date	Apr-01-2099	Next rental date	Apr-01-2021	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Paid by	PETRUS RESOURCES CORP.	Total	0.000	0.000
	Prov/State	Alberta		Production					
	Min int	100.00000000	Terminated						
	Int type	Working Interest							
	Lands	TWP 50 RGE 2 WSM PTN N 33 TWP 50 RGE 2 WSM PTN SE 33 Natural Gas from Surface to Base Ellerslie Member			DOI	SET UP - Default FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.			
						71.44680000%	O		
						28.55320000%			
						60.00000000%	O		
						40.00000000%			
						40.00000000%			
						40.00000000%			
						60.00000000%	O		

M00007-A	Status	Active	Lease date	Jul-27-1971	Gross rental	896.00	Hectares	Gross	Net
	Name/ID	25425	Expiry date	Jul-26-1981	Net rental	537.60	Developed	256.000	153.600
	Type	Petroleum & Natural Gas Lease	Extension date	Jul-26-2099	Next rental date	Jul-27-2022	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Paid by	FREE REIN RESOURCES LTD.	Total	256.000	153.600
	Prov/State	Alberta		Production					
	Min int	100.00000000	Terminated						
	Int type	Working Interest							
	Lands	TWP 51 RGE 2 WSM 4 P&NG from Surface to Base Mannville			DOI	SET UP - Default / Rental FREE REIN RESOURCES LTD. PETRUS RESOURCES CORP.			
						60.00000000%	O		
						40.00000000%			



M00010-A	Status	Active	Lease date	Feb-06-1997	Gross rental	116.00	Hectares	Gross	Net
	Name/ID	0497020175	Expiry date	Feb-05-2002	Net rental	29.00	Developed	33.280	8.320
	Type	Petroleum & Natural Gas Lease	Extension date	Feb-06-2099	Next rental date	Feb-06-2022	Undeveloped	0.000	0.000
	Area	Telfordville	Extension	Held By	Paid by	LONGRUN EXPLORATION LTD.	Total	33.280	8.320
	Prov/State	Alberta	Terminated	Production					
	Min int	100.00000000							
	Int type	Pooled Working Interest							
	Lands	TWP 51 RGE 2 W5M PTN 5 5 Natural Gas from Surface to Base Banff PTN DESIGNATED AS NORTH SASKATCHEWAN RIVER		DOI	SET UP - Rental LONGRUN EXPLORATION LTD.	Percentage	100.00000000%	Flags	Notes
					A - Default LONGRUN EXPLORATION LTD.		75.00000000%		
					FREE REIN RESOURCES LTD.		25.00000000%		

### WELLS

	<i>Licence #</i>	<i>UWI</i>	<i>Status</i>
1	A00255913	00/10-32-050-02W5/0	Suspended Gas
2	A00272554	00/04-04-051-02W5/0	Flow GAS
3	A00078729	02/07-04-051-02W5/0	ABD GAS
4	A00205583	00/04-27-050-02W5/2	Flow GAS
5	A00213824	02/16-27-050-02W5/2	Susp GAS
6	A00213824	00/01-34-050-02W5/0	ABD
7	A00216380	00/16-33-050-02W5/0	Flow GAS
8	A00093256	00/05-22-051-01W5/0	ABD Zn GAS
9	A00205882	00/04-10-051-02W5/0	ABD Zn GAS
10	A00203598	00/10-21-050-02W5/0	ABD GAS
11	A00070494	00/07-20-051-01W5/0	ABD GAS
12	A00259389	00/16-05-051-02W5/0	ABD Zn GAS
13	A00213824	00/09-28-050-02W5/0	ABD GAS
14	A00095003	00/06-36-051-02W5/0	ABD GAS

### PIPELINES

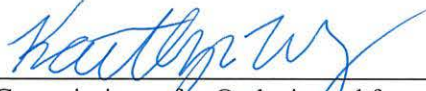
	<i>Licence #</i>	<i>Line Number</i>	<i>Length (km)</i>	<i>Outside Diameter (mm)</i>	<i>Status</i>
1	33841	1	1.36	168.30	Operating
	33841	4	2.02	168.30	Operating
	33841	8	1.84	168.30	Operating
	33841	10	1.41	168.30	Operating
	33841	12	1.14	168.30	Operating
	33841	13	0.80	168.30	Operating
	33841	14	2.10	88.90	Discontinued
	33841	2	1.04	168.30	Discontinued
	33841	7	1.70	114.30	Discontinued
	33841	15	0.10	88.90	Discontinued
2	33835	1	26.88	219.10	Operating
3	34193	1	0.11	88.90	Discontinued
	34193	2	0.51	88.90	Discontinued
4	26634	1	7.30	88.90	Discontinued
	26634	2	0.15	88.90	Discontinued

### FACILITIES

	<i>Licence #</i>	<i>UWI</i>	<i>Line Number</i>	<i>Length (km)</i>	<i>Outside Diameter (mm)</i>	<i>Status</i>
1	F11662	Gas Gathering System				Active
2		P/L Risers	4		219.10	Active
3	F38156	Gas Gathering System				Active

THIS IS **EXHIBIT "H"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

**STOP NOTICE**

TO: **FREE REIN RESOURCES LTD.** (the "**Borrower**")

AND TO: **TARTAN ENERGY GROUP INC.** ("**TEGI**")

AND TO: **TARTAN ENERGY TECH (SHANGHAI) LTD.** (collectively with TEGI, "**Tartan**")

RE: Amended and restated loan agreement dated effective March 31, 2023 (as amended and supplemented, restated or replaced, from time to time, the "**Loan Agreement**") between Invico Diversified Income Limited Partnership, as lender (the "**Lender**") and the Borrower, as borrower


---

1. Unless otherwise specified, all capitalized terms used herein have the meanings ascribed thereto in the Loan Agreement.
2. The Lender hereby confirms that an Event of Default has occurred and is continuing under Sections 9.1(b), 9.1(n) and 9.1(o) of the Original Loan Agreement, as a result of the Borrower's: (i) failure to notify the Lender of the dismissal or departure of two members of senior management; and (ii) recent drilling program with respect to three wells utilizing proceeds under the Original Loan Agreement and incurring capital costs significantly higher than expected resulting in production significantly lower than projected (such Event of Default collectively, the "**Existing Event of Default**").
3. Pursuant to Section 4.1(c) of the Existing Tartan Subordination Agreement, the Lender provides this notice of the Existing Event of Default to Tartan.
4. Pursuant to Section 8.2(f) of the Loan Agreement, Tartan shall not receive any further payments of any Subordinated Obligations (as such term is defined in the Existing Tartan Subordination Agreement) or any other payments to Tartan until the later of: (i) the Borrower being fully compliant with the Loan Agreement and such compliance being acknowledged in writing by the Lender, and (ii) the date of completion of the Equity Raise (the "**Rectification Condition**").
5. Upon the satisfaction of the Rectification Condition, the Existing Event of Default shall be deemed cured and the Borrower shall be permitted to pay any Subordinated Obligations or any other payments to Tartan and Tartan shall be permitted to resume receipt of the same, in each case, pursuant to terms of the Existing Tartan Subordination Agreement.

*[Remainder of Page Intentionally Left Blank]*

**DATED** as of April 18, 2023.

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP, BY ITS GENERAL  
PARTNER, INVICO DIVERSIFIED  
INCOME MANAGING GP INC.**

Per:   
Name: Jason Brooks  
Title: President

Agreed and Accepted by:

**TARTAN ENERGY GROUP INC.**

Per: \_\_\_\_\_  
Name: Terry Lau  
Title: Chief Executive Officer

Agreed and Accepted by:

**TARTAN ENERGY TECH (SHANGHAI)  
LTD.**

Per: \_\_\_\_\_  
Name: Yu Wu  
Title: Vice President

Agreed and Accepted by:

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name: Terry McCallum  
Title: Chief Executive Officer

DATED as of April \_\_\_\_\_, 2023.

**INVICO DIVERSIFIED INCOME LIMITED  
PARTNERSHIP, BY ITS GENERAL  
PARTNER, INVICO DIVERSIFIED  
INCOME MANAGING GP INC.**

Per: \_\_\_\_\_  
Name: Jason Brooks  
Title: President

Agreed and Accepted by:

**TARTAN ENERGY GROUP INC.**

Per: \_\_\_\_\_  
Name: Terry Lau  
Title: Chief Executive Officer

Agreed and Accepted by:

**TARTAN ENERGY TECH (SHANGHAI)  
LTD.**

Per: \_\_\_\_\_  
Name: Yu Wu  
Title: Vice President

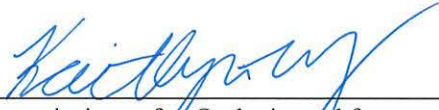
Agreed and Accepted by:

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_  
Name: Terry McCallum  
Title: Chief Executive Officer

THIS IS **EXHIBIT "I"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

# FASKEN

Own tomorrow

Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents

350 7th Avenue SW, Suite 3400  
Calgary, Alberta T2P 3N9  
Canada

T +1 403 261 5350  
+1 877 336 5350  
F +1 403 261 5351  
fasken.com

June 2, 2023  
File No.: 324505.00011/23362

**Robyn Gurofsky**  
Direct +1 403 261 9469  
Facsimile 1 403 261 5351  
rgurofsky@fasken.com

**By Email (terry@freereinres.com)**

Free Rein Resources Ltd.  
Suite 3900, 350 – 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9

Attention: Terry R. McCallum

Dear Sir:

**Re: Demand for Repayment of Outstanding Credit Facilities**

Please be advised that this firm represents Invico Diversified Income Limited Partnership (the “**Lender**”) with respect to certain credit facilities granted by the Lender to Free Rein Resources Ltd. (“**Free Rein**”) pursuant to, amongst other things an Amended and Restated Loan Agreement dated as of March 31, 2023 (the “**Loan Agreement**”).

As security for the amounts outstanding under the Loan Agreement, Free Rein granted to the Lender, among other things, a fixed and floating charge debenture dated September 21, 2022 in the principal amount of \$20,000,000 in first position over all of its present and after acquired real and personal property, including but not limited to PNG Assets (as defined therein), buildings, equipment, Hydrocarbons and inventory and intangibles (the “**Security**”).

Pursuant to the Loan Agreement, Free Rein covenanted that, no later than May 31, 2023, it would complete an equity raise equivalent to \$5,000,000, and from that equity, pay down the amounts outstanding under the Loan Agreement by \$2,000,000. As far as is known to the Lender, Free Rein has failed to complete the equity raise and in any event, has failed to make any payment to Invico in the amount of \$2,000,000 or otherwise, by the May 31, 2023 deadline.

In view of the foregoing, the Lender hereby formally demands immediate repayment of all amounts outstanding under the Loan Agreement. As of June 1, 2023, there remains \$5,727,833.17 due and owing by Free Rein to the Lender pursuant to the Loan Agreement, together with all interest (per diem of \$2,824.68), legal fees and other chargeable costs continuing to accrue thereon, (the “**Indebtedness**”).



# FASKEN

In the event that repayment of the Indebtedness, properly due and owing by Free Rein to the Lender, is not made by 4:30 p.m. on June 12, 2023, the Lender will take all steps that it considers necessary and appropriate to protect its position, including but not limited to commencing legal proceedings to realize on the Security. In that regard, enclosed herewith is a Notice of Intention to Enforce Security together with a form of Acknowledgment and Waiver pursuant to section 244 of the *Bankruptcy and Insolvency Act*.

We trust you will find the foregoing to be in order and look forward to the immediate payment of all of the outstanding Indebtedness by the date specified above.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**



Robyn Gurofsky

Enclosure





**BANKRUPTCY AND INSOLVENCY ACT**

Form 86

**NOTICE OF INTENTION TO ENFORCE SECURITY  
Subsection 244(1)**

TO: Free Rein Resources Ltd.  
Suite 3900, 350 – 7th Avenue SW  
Calgary, AB T2P 3N9

**TAKE NOTICE THAT:**

1. Invico Diversified Income Limited Partnership (the “**Lender**”), a secured creditor, intends to enforce its security on or against the property of Free Rein Resources Ltd. (“**Free Rein**”), including but not limited to all present and after acquired real and personal property of whatsoever nature and kind and wheresoever situate.
2. The security that is to be enforced includes a fixed and floating charge demand debenture dated as of September 21, 2022 between the Lender and Free Rein.
3. The total amount of indebtedness secured by the security is the principal sum of \$5,727,833.17, as at June 1, 2023, plus interest, legal fees and other recoverable costs accrued and continuing to accrue, including without limitation legal fees as between a solicitor and his own client on a full indemnity basis.
4. The Lender will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this Notice, unless Free Rein consents to an earlier enforcement.

**DATED** at Calgary, Alberta, this 2<sup>nd</sup> day of June, 2023.

**INVICO DIVERSIFIED INCOME  
LIMITED PARTNERSHIP, by its  
solicitors FASKEN MARTINEAU  
DUMOULIN, LLP**



---

Per: Robyn Gurofsky

## ACKNOWLEDGEMENT AND WAIVER

**FREE REIN RESOURCES LTD.** hereby acknowledges and agrees that it has received a Notice of Intention to Enforce Security (the “**Notice of Intention**”) pursuant to s. 244(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) from Invico Diversified Income Limited Partnership (the “**Lender**”) in respect of the security granted by **Free Rein Resources Ltd.** in favour of the Lender, such security including but not limited to, the security referred to in the Notice of Intention, as well as the security contained in the various security agreements granted by Free Rein Resources Ltd. to the Lender from time to time.

**Free Rein Resources Ltd.** with full knowledge and understanding of the effect of s. 244 of the *BIA* and having had the advice of independent legal counsel, hereby waives any notice required pursuant to the *BIA*, or otherwise, and consents to the immediate enforcement by the Lender, including by way of the immediate appointment of an agent, receiver and/or receiver and manager, of all security held by the Lender as referred to herein.

**DATED** at Calgary, Alberta this \_\_\_\_\_ day of June, 2023.

**FREE REIN RESOURCES LTD.**

Per: \_\_\_\_\_ c/s

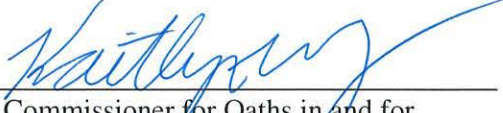
Print Name:

Title:

I am authorized to bind the company

THIS IS **EXHIBIT "J"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388



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

---

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**

THIS IS **EXHIBIT "K"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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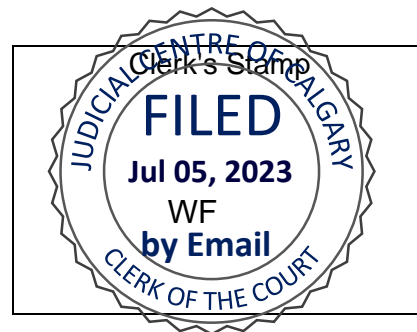
Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

COURT FILE /  
ESTATE FILE 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 **AFFIDAVIT NO. 1 OF TERRY MCCALLUM** COM  
ADDRESS FOR SERVICE **Burnet, Duckworth & Palmer LLP** July 11, 2023  
AND CONTACT 2400, 525 - 8 Avenue SW  
INFORMATION OF PARTIES Calgary, Alberta T2P 1G1  
FILING THIS DOCUMENT



Lawyer: David LeGeyt / Ryan Algar  
Phone Number: (403) 260-0120/ 0126  
Fax: (403) 260-0332  
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com  
File No. 77501-3

### **AFFIDAVIT NO. 1 OF TERRY MCCALLUM**

**Sworn July 4, 2023**

I, Terry McCallum of the City of Calgary in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the Chairman and Chief Executive Officer ("**CEO**") of the Applicant, Free Rein Resources Ltd. ("**Free Rein**" or the "**Applicant**"). As such, I have personal knowledge of the facts and matters deposed to herein, except where any such facts and matters are stated to be from other sources, in which case I believe those facts and matters to be true.
2. I swear this Affidavit in support of Free Rein's application scheduled for July 11, 2023 (the "**Application**") seeking, among other things, the Administration Charge and the Stay Extension to the Proposal Period (each as defined below).
3. Unless otherwise stated, all references to currency in this Affidavit are to \$CAD. Unless otherwise defined herein, capitalized terms have the meaning given to them in the Application or

the First Report (the "**First Report**") of FTI Consulting Canada Inc. ("**FTI**") in its capacity as the proposal trustee of Free Rein (FTI in such capacity, the "**Proposal Trustee**").

### **Background**

4. Free Rein is a private corporation incorporated pursuant to the laws of Alberta, with its registered offices in Calgary, Alberta. Attached hereto and marked as **Exhibit "A"** is a copy of an Alberta Corporation/Non-Profit Search of Free Rein.

5. Free Rein has 47 shareholders, holding between approximately 0.15% and 35% of the issued and outstanding common shares.

6. 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 (the "**Golden Spike Asset**").

7. Free Rein has 9 full-time employees and consultants working out of its offices in Calgary, Alberta.

### **History & Operations**

8. Until its recent financial difficulties, Free Rein has consistently grown its production and revenue since it commenced production in the fiscal year ending March 31, 2020:

	<b>For the year ended March 31</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Annual Average Production (BOE/D)</b>	60	156	370
<b>Revenue</b>	\$233,434	\$1,272,701	\$6,728,647

9. Until recently Free Rein's revenues have been sufficient to fund its ongoing operations, including drilling, completing and tying in wells, and meeting Free Rein's liabilities as they became due.

10. Unfortunately, due to a combination of operational overruns and unsuccessful well completions in 2022, Free Rein experienced an unanticipated decrease in production and free cash flow.

11. As a result of the foregoing, no new production was gained from the work and capital expenditures undertaken in 2022, and as a consequence of this Free Rein's board of directors (the "**Board**") terminated an officer in the fourth quarter of 2022 and the Chief Operating Officer resigned in early 2023.

12. Codeco-Vanoco Engineering Inc. ("**CVE**"), an engineering consulting firm that Free Rein retained in connection with the 2022 well program, exceeded its estimated costs by approximately 100%, resulting in the actual cost to Free Rein being double Free Rein's approved capital spend.

13. As a result of these cost overruns Free Rein has filed a Statement of Claim in Court of King's Bench of Alberta against CVE seeking damages in the amount of approximately \$2,100,000.

14. Despite these difficulties, in early 2023, certain of Free Rein's shareholders provided additional cash injections which Free Rein used to further enhance production. Free Rein anticipates implementing two additional well completions in the third quarter of this year (the "**2023 Wells**"). Free Rein estimates that, once completed, the 2023 Wells would result in an additional 200-250 boe/d, enhancing Free Rein's existing reservoir base and increasing cash flow for the benefit of Free Rein's stakeholders.

15. Notwithstanding these difficulties, Free Rein remains confident in its business model and the prospects of the Golden Spike Asset. Below is an excerpt from a March 2023 reserve report prepared by GLJ Ltd. (the "**Reserve Report**"):

Finalized GLJ March 2023 Reserve Report Summary	GLJ Limited as of March 31, 2023						
	Company Gross Reserves				NPV Before Tax		
	Oil Mbbbl	Natural Gas MMcf	NGL Mbbbl	Total MBoe	5%	10% M\$	15%
Proved Developed Producing	109	1,439	210	558	10,955	9,389	8,213
Proved Developed Non-Producing	409	1,105	171	763	20,967	17,653	15,201
Proved Undeveloped	1,505	1,824	331	2,140	39,239	26,488	18,410
<b>Total Proved</b>	<b>2,022</b>	<b>4,368</b>	<b>712</b>	<b>3,461</b>	<b>71,161</b>	<b>53,529</b>	<b>41,825</b>
Probable	1,740	2,948	503	2,734	63,438	45,880	35,035
<b>Total Proved Plus Probable</b>	<b>3,762</b>	<b>7,316</b>	<b>1,214</b>	<b>6,196</b>	<b>134,599</b>	<b>99,409</b>	<b>76,860</b>



16. As discussed in greater detail below, commencing in or around March 2023, Free Rein's shareholders, Board, and executive team have spent considerable time and effort holding discussions with potential investors in an effort to attract new debt and/or equity investments for the purpose of restructuring Free Rein's financial affairs and as part of a proposal in these proceedings. On the basis, of, among other things, the Reserve Report, Free Rein is confident that there is sufficient value in its business to support the refinancing of its existing secured credit facilities.

### **Secured Creditors**

17. Effective September 21, 2022, Free Rein as borrower and Invico Diversified Income Limited Partnership ("**Invico**") as lender entered into a loan agreement (as subsequently amended and restated, the "**Invico Loan Agreement**") pursuant to which Invico made certain credit facilities available to Free Rein (collectively, the "**Invico Loan**").

18. On June 2, 2023, Invico issued a demand for repayment of the Invico Loan in the amount of \$5,727,833.17 plus interest and costs and concurrently delivered a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the "**BIA**").

19. Additionally, pursuant to the terms of a master services agreement dated August 5, 2021, (as subsequently amended, the "**Tartan Loan Agreement**"), Free Rein is indebted to Tartan Energy Tech (Shanghai) Ltd. through its Canadian affiliated nominee, Tartan Energy Group (collectively, "**Tartan**"). As of the date of the NOI, Free Rein's books and records indicated that it is indebted to Tartan in the amount of \$1,919,952.00.

20. Pursuant to the terms of a September 21, 2022 Postponement, Subordination and Standstill Agreement, Tartan, among other things, subordinated its rights and the amounts owing under the Tartan Loan Agreement to the rights of Invico and the amounts owing under the Invico Loan Agreement.

### **NOI and Creditors**

21. 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**") with the Official Receiver pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* ("**BIA**"). FTI Consulting

Canada Inc. ("**FTI**") was appointed as the proposal trustee under the NOI (in such capacity, a "**Proposal Trustee**"). Attached hereto and marked as **Exhibit "B"** is a copy of the NOI.

22. Attached hereto and collectively marked as **Exhibit "C"** is the cash flow statement Free Rein prepared with the assistance of the Proposal Trustee (the "**Cash Flow Statement**") and the Proposal Trustee's Report on Cash-Flow Statement. I am informed by Free Rein's counsel, Burnet, Duckworth & Palmer LLP ("**BD&P**"), that the Proposal Trustee's Report and Cash-Flow Statement have already been provided, or will be provided, to the Official Receiver by the time the Application is heard.

23. As of the date of the NOI, Free Rein's books and records indicated that it owes its creditors approximately \$11,789,755.34.

24. Since the filing of the NOI, Free Rein has been in constant communications with its vendors and unsecured creditors. I estimate that 85% of the vendors and unsecured creditors that have been contacted are supportive of Free Rein in these proceedings, and are also supportive of Free Rein's efforts to refinance the Invico Loan, the Tartan Loan, and fund a proposal in these proceedings.

#### **Stay Extension and Restructuring Efforts**

25. Since the filing of the NOI, Free Rein has pursued numerous activities with a view to advancing these proceedings, restructuring its affairs, and working towards its goal of presenting a proposal to its creditors (a "**Proposal**"). These steps have included, but are not limited to:

- (a) preparing and analyzing a list of creditors and identifying issues specific to certain creditors;
- (b) providing FTI with access to Free Rein's books and records;
- (c) working with FTI and BD&P generally, and in particular with respect to:
  - (i) exploring and considering the various exit strategies available to Free Rein in the context of these proceedings, including the structure and financing of any Proposal; and

- (ii) preparing cash flow projections and identifying issues with respect to Free Rein's financial condition;
- (d) communicating and engaging with stakeholders, employees, contractors, vendors;
- (e) communicating with its secured creditors, namely:
  - (i) conducting weekly calls with Tartan to keep it informed of these NOI Proceedings and Free Rein's restructuring efforts. Tartan has introduced investors to Free Rein who would be willing to aid in a restructuring with Free Rein's existing management in place; and
  - (ii) through its counsel and the Proposal Trustee, maintaining communication with Invico in an effort to keep Invico updated it on the progress of a re-financing of the Invico Loan;
- (f) reviewing its operating expenses, pursuing the collection of accounts receivable and taking other steps to ensure Free Rein remains financially viable without recourse to interim financing during the NOI Proceedings; and
- (g) conducting discussions with prospective investors and/or lenders, including but not limited to:
  - (i) Enoch Cree Nation:
    - (A) Free Rein conducted meetings with Enoch Cree First Nation, including on June 26, 2023, in an effort to secure additional funds that Free Rein estimates would be sufficient to (i) repay its secured creditors (ii) provide a material distribution to its unsecured creditors under a proposal and (iii) provide significant working capital. Free Rein understands that the proposed transaction requires only the approval of Enoch Cree Nation's Finance and Audit Committee;
    - (B) From conversations I had with Chief Cody Thomas on July 2, 2023, I understand that he has requested Enoch Corp. to review our term sheet promptly so that it can go to council for a vote on an expedited basis;

- (C) Free Rein has already met with 7 of the 10 council members, and they have all expressed support for the investment; and
  - (D) Enoch Cree Nation has estimated a 30-90 day closing period following the completion of its due diligence and approvals;
- (ii) various companies and high net worth individuals, including but not limited to:
- (A) Daniel Nelson, the President of Semerra Ltd.;
  - (B) Garry Tether;
  - (C) James Kenneth Gray O.C., A.O.E.;
  - (D) Claus Sitzler;
  - (E) Inclusive Energy Ltd.;
  - (F) Lanark Capital;
  - (G) BTG Capital Inc.; and
  - (H) Climate Door; and
- (iii) certain of Free Rein's, shareholders, who have expressed the interest and ability to inject new capital into Free Rein on an immediate basis.

26. Free Rein requires an extension of the period of time within which it is required to file a Proposal (the "**Proposal Period**") up to and including August 25, 2023 (the "**Stay Extension**"). The Stay Extension will allow Free Rein to, among other things:

- (a) continue the restructuring of its business and affairs, and pursue strategic alternatives;
- (b) continue operations and generate revenue; and
- (c) preserve and enhance the value of Free Rein's business, for the benefit of all of Free Rein's stakeholders.

27. Free Rein's creditors will not be prejudiced by the Stay Extension. Rather, the Stay Extension is critical to ensure that Free Rein can continue its operations and maximize the value of its assets which will benefit its Proposal or restructuring to the benefit of Free Rein and all of its stakeholders.

28. As a result of, among other things, its discussions with BD&P and FTI, Free Rein understands that companies in NOI proceedings often implement a court-supervised solicitation process seeking offers for their assets, or a refinancing or recapitalization of the company. While Free Rein is not seeking to implement such a process at this time, it is prepared to do so on terms satisfactory to its primary stakeholders if it is unable to close any of the potential transactions discussed herein. In such circumstances, Free Rein would seek court-approval of a solicitation process at its next court appearance, anticipated to be no later than August of 2023.

### **Administration Charge**

29. Free Rein requires the assistance of BD&P and the Proposal Trustee (as the case may be) to prepare, present and implement a Proposal. Without the continued involvement of BD&P and the Proposal Trustee, Free Rein will not be able to restructure its affairs. Free Rein therefore requests a priority charge be granted in respect of the fees and disbursements of BD&P and Proposal Trustee (including the professional fees and disbursements of the Proposal Trustee's legal counsel), ranking ahead of all other creditors (the "**Administration Charge**").

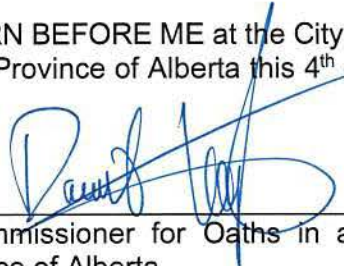
30. Given the size and extent of Free Rein's business and the anticipated complexity of the proceedings, Free Rein believes that the Administration Charge as sought is reasonable, adequate and should rank in priority to all other encumbrances.

### **Relief Sought**

31. Free Rein has acted in accordance with the BIA, acted in good faith and with due diligence since filing the NOI and will continue to do so throughout the course of these proceedings. To the best of my knowledge, information and belief, none of the creditors of Free Rein will be materially prejudiced if this Honourable Court grants the relief sought.

32. I make this Affidavit in support of the Extension Order, the Administration Charge, and for no improper purpose.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta this 4<sup>th</sup> day of July, )  
2023 )

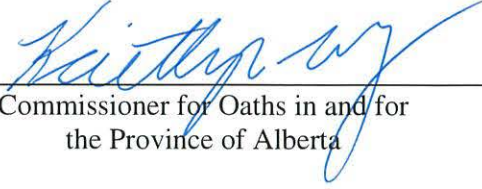
  
\_\_\_\_\_  
A Commissioner for Oaths in and for the  
Province of Alberta

  
\_\_\_\_\_  
TERRY MCCALLUM

**David LeGeyt**  
Barrister & Solicitor

THIS IS **EXHIBIT "L"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023

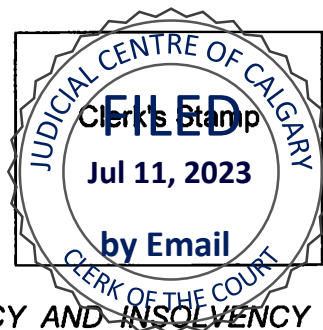


A handwritten signature in blue ink, appearing to read "Kaitlyn Wong", is written over a horizontal line.

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

COURT FILE / ESTATE NUMBERS 25-2954304  
B201954304  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



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  
Phone Number: (403) 260-0120 / (403) 260-0126  
Fax: (403) 260-0332  
Email: [dlegeyt@bdplaw.com](mailto:dlegeyt@bdplaw.com) / [ralgar@bdplaw.com](mailto: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 5, 2023; AND UPON reading Affidavit No. 1 of Terry McCallum sworn July 4, 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 *B/A* is hereby extended to August 25, 2023.



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J.C.C.K.B.A

THIS IS **EXHIBIT "M"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

COURT FILE / ESTATE NUMBERS 25-2954304  
B201954304

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



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 (Second Extension of Time to File Proposal, SISP & Stalking Horse Approval)**

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  
Phone Number: (403) 260-0120 / (403) 260-0126  
Fax:(403) 260-0332  
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com  
File No. 077501-00003

**DATE ON WHICH ORDER WAS PRONOUNCED:** August 25, 2023

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**JUSTICE WHO MADE THIS ORDER:** The Honourable Justice M.H. Hollins

UPON THE APPLICATION of Free Rein Resources Ltd. ("**Free Rein**"); AND UPON reading Affidavit No. 2 of Terry McCallum sworn July 4, 2023 ("**McCallum Affidavit No. 2**"); AND UPON hearing submissions by counsel for Free Rein, counsel for FTI Consulting Canada Inc. in its capacity as the proposal trustee of Free Rein (the "**Proposal Trustee**"), counsel for Invico Diversified Income Limited Partnership 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.

## DEFINED TERMS

2. Capitalized terms not otherwise defined in this Order shall have the meanings set forth in McCallum Affidavit No.2 or the reports of the Proposal Trustee.

## EXTENSION OF TIME TO FILE A PROPOSAL

3. 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 *Bankruptcy and Insolvency Act* (Canada) is hereby extended to October 9, 2023.

## APPROVAL OF THE SISP

4. The SISP and the Stalking Horse Term Sheet, collectively in the form attached hereto as **Schedule "A"** are reasonable and are hereby ratified and approved. Free Rein and the Proposal Trustee are empowered and authorized to:

- (a) implement the SISP, and do all things reasonably necessary to conduct and give full effect to the Sale Process, and carry out the obligations thereunder including but not limited to, taking any additional steps or executing additional documents as may be necessary or desirable in order to carry out and complete the SISP subject to prior to approval of this Court being obtained before the completion of any transaction(s) resulting from the SISP; and
- (b) execute the Stalking Horse Term Sheet.

5. Service of this Order shall be deemed good and sufficient by:

- (a) Serving the same on:
  - (i) The persons listed on the service list in these proceedings;
  - (ii) Any other person served with notice of the application for this Order

- (iii) Any other parties attending or represented at the application for this Order
  - (b) Posting a copy of this Order on the Proposal Trustee's website Trustee's website at: <http://cfcanada.fticonsulting.com/freerein>.
6. Service of this Order may be effected by facsimile, electronic mail, personal delivery, recorded mail or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

*Michele Hollins*

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J.C.C.K.B.A

## SCHEDULE "A"



## **Procedure for the Sale and Investment Solicitation Process of Free Rein Resources Ltd.**

1. On June 12, 2023, Free Rein Resources Ltd. ("**Free Rein**" or the "**Company**") filed a Notice of Intention (the "**NOI**") to make a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the "**BIA**") and FTI Consulting Canada Inc. ("**FTI**") was appointed as proposal trustee (FTI in such capacity, the "**Proposal Trustee**").
2. At a court application scheduled for August 25, 2023 in Free Rein's NOI proceedings (the "**NOI Proceedings**") Free Rein intends to request the Court's approval of, among other things, a sale and investment solicitation process (the "**SISP**") as set forth herein.
3. Below is the procedure (the "**SISP Procedure**") to be followed in the SISP to seek a Successful Bid (as defined herein), and, if there is a Successful Bid, to complete the transaction(s) contemplated by the Successful Bid.
4. All monetary references shall be in Canadian dollars (\$CAD), unless otherwise stated.

### **Defined Terms**

5. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Stalking Horse Term Sheet or the Reports of the Proposal Trustee. In this SISP Procedure:  
  
"**Alternate Transaction**" means any alternate transaction, which may include, among other things, the recapitalization of, investment in, arrangement of or reorganization of the Company, or the business of the Company as a going concern or a sale of some or all of the Property, securities held in the Company or some combination thereof, and includes a Sale Proposal or Investment Proposal;  
  
"**Business**" means the business of the Company;  
  
"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary;  
  
"**Court**" means the Alberta Court of King's Bench;  
  
"**Cure Costs**" means Free Rein's Pre-Filing Liabilities (if any) under any contracts being assumed by a Qualified Bidder as part of the Property;  
  
"**Invico**" means Invico Diversified Income Limited Partnership;

**"Invico Secured Debt"** means the debt owed by the Company to Invico Diversified Income Limited Partnership, including all principal, interest and costs totaling approximately \$5,840,545.25 as of September 1, 2023;

**"Pre-Filing Liabilities"** means all monetary obligations, debts and liabilities, present or future, to which Free Rein is subject on the NOI Date or to which Free Rein may become subject by reason of any obligation incurred before the NOI Date, and which are stayed by the filing of the NOI.

**"Priority Payables"** has the meaning given to it in the Stalking Horse Term Sheet.

**"Property"** means all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof;

**"Purchase Price"** has the meaning given to it in the Stalking Horse Term Sheet;

**"Secured Debt"** means the cumulative amount of the Invico Secured Debt and the Tartan Secured Debt;

**"SISP Order"** means an order of the Court approving the SISP and the SISP Procedure;

**"Stalking Horse Bidder"** means Invico or its nominee;

**"Stalking Horse Term Sheet"** means the Binding Term Sheet between the Company and the Stalking Horse Bidder;

**"Stalking Horse Transaction"** means the transaction contemplated by the Stalking Horse Term Sheet;

**"Tartan Secured Debt"** means the debt owing by the Company to Tartan Energy Technology (Shanghai) Ltd.; and

**"Vesting Order"** means an Order of the Court that is either a reverse vesting order or an approval and vesting order.

### **SISP Procedure**

6. The SISP Procedure set forth herein describes, among other things, the property available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Company, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder and the Court's approval and recognition thereof.

7. This SISP Procedure outlines the SISP, which is comprised of two phases ("**Phase 1**" and "**Phase 2**" respectively).
8. The Proposal Trustee shall administer the SISP Procedure. In the event that there is disagreement as to the interpretation or application of this SISP Procedure, the Court will have jurisdiction to hear and resolve such dispute.
9. The Proposal Trustee, with the assistance of the Company, shall use reasonable efforts to complete the SISP Procedure in accordance with the timelines as set out in **Schedule "B"** hereto. The Proposal Trustee shall be permitted to make such adjustments to the timeline that it determines are reasonably necessary.

### **Opportunity**

10. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Company's assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Company as a going concern, or a sale of all, substantially all, or one or more components of the Property and/or Business as a going concern or otherwise.
11. Except to the extent otherwise set forth in a definitive agreement with a Successful Bidder (as defined herein), any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Company, or any of their respective agents, advisors or estates.
12. In the event of a sale pursuant to this SISP, all of the rights, title and interests of the Company in and to the Property subject to the Successful Bid(s) will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against, other than any permitted encumbrances agreed to by the Proposal Trustee and the Successful Bidder (collectively the "**Claims and Encumbrances**"), such Claims and Encumbrances to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to a Vesting Order made by the Court, upon the application of the Company. The vesting out of Claims and Encumbrances by a Successful Bidder other than the Stalking Horse Bidder shall not be materially more favourable to the Successful Bidder than those set out in the Stalking Horse Term Sheet, except to the extent additional tangible monetary value of an equivalent amount is provided for the vesting out of such Claims and Encumbrances.

**Stalking Horse Term Sheet**

13. Free Rein has entered into the Stalking Horse Term Sheet with the Stalking Horse Bidder, pursuant to which, if there is no Qualified Bid (as defined herein) from a party other than the Stalking Horse Bidder or there is no Qualified LOI (as defined herein) from a party other than the Stalking Horse Bidder following the Phase I Bid Deadline, the SISP will terminate and the Company will proceed to negotiate the applicable definitive agreements and close the Stalking Horse Transaction.
14. The Stalking Horse Term Sheet is attached hereto as **Schedule "A"**.
15. The Purchase Price, as further detailed under the Stalking Horse Term Sheet, is at least \$6,114,991.25, comprised of:
  - (a) a non-cash credit bid as specified in the Stalking Horse Term Sheet, resulting in a reduction of the Invico Secured Debt in in the amount of \$ 5,840,545.25 as at September 1, 2023, to be adjusted for accrued interest as at the Closing Date; and
  - (b) the Cash Component (as defined in the Stalking Horse Term Sheet), consisting of a cash payment in the estimated amount of \$274,446 which amount shall consist of the Priority Payables (as defined in the Stalking Horse Term Sheet) and Cure Costs.
16. Provided the Stalking Horse Term Sheet is approved by the Court, the Stalking Horse Term Sheet shall constitute a Qualified LOI, Phase 1 Bid and Qualified Bid (as the case may be) for all purposes and at all times under this SISP Procedure.
17. [Intentionally deleted].

**Solicitation Of Interest: Notice of the SISP**

18. As soon as reasonably practicable, but in any event by no later than September 1, 2023:
  - (a) the Company, in consultation with the Proposal Trustee and the Stalking Horse Bidder, will prepare a list of Potential Bidders (as defined herein), including:
    - (i) parties that have approached the Company or the Proposal Trustee indicating an interest in the Opportunity; and
    - (ii) local and international strategic and financial parties who the Company, in consultation with the Proposal Trustee, believes may be interested in purchasing all or part of the Business and Property or investing in the Company pursuant to the SISP,

(collectively, "**Known Potential Bidders**");

- (b) the Proposal Trustee shall cause a notice (the "**Notice**") of the SISP Procedure and any other relevant information, to be published in the *BOE Report*, the *Daily Oil Bulletin*, the *Insolvency Insider*, and such other publications as the Proposal Trustee may consider appropriate. At the same time, the Proposal Trustee or the Company will invite bids from interested parties, by which ever means the Proposal Trustee and/or the Company deems appropriate; and
  - (c) the Company, in consultation with the Proposal Trustee, shall prepare:
    - (i) a process summary (the "**Teaser Letter**") describing the Opportunity to submit an Alternate Transaction, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and
    - (ii) a non-disclosure agreement (an "**NDA**") in form and substance satisfactory to the Company and the Proposal Trustee, and their respective counsel.
19. The Proposal Trustee shall post the Teaser Letter on its website (<http://cfcanada.fticonsulting.com/freerein/>) by no later than September 1, 2023. The Proposal Trustee shall send the Teaser Letter and NDA to each Known Potential Bidder by no later than September 1, 2023 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Company or the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

### **Phase 1: Non-Binding LOIs**

#### ***Qualified Bidders and Delivery of Confidential Information Memorandum***

20. Unless the Proposal Trustee confirms to such potential bidder that the below documents were already provided to the satisfaction of, or are already available to, the Company and the Proposal Trustee, any party who wishes to participate in the SISP (each, a "**Potential Bidder**") must deliver to the Proposal Trustee:
- (a) an executed NDA which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof. If the Potential Bidder has previously delivered an NDA and letter of this nature to the Company or Proposal Trustee and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter pursuant to this section unless otherwise requested by the Proposal Trustee;

- (b) a letter setting forth the Potential Bidder's (i) identity, (ii) contact information and (iii) full disclosure of its direct and indirect principals; and
- (c) a form of financial disclosure and credit quality support or enhancement that allows the Company and the Proposal Trustee to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate an Alternate Transaction.

21. If the Company and the Proposal Trustee, determine that a Potential Bidder has:

- (a) delivered the documents contemplated in paragraph 20 above; and
- (b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP,

then such Potential Bidder will be deemed to be a "**Phase 1 Qualified Bidder**". For greater certainty, no Potential Bidder shall be deemed to be a Phase 1 Qualified Bidder without the approval of the Proposal Trustee.

22. At any time during Phase 1 of the SISP, the Proposal Trustee may, in its reasonable business judgment and after consultation with the Company, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP, will no longer be a Phase 1 Qualified Bidder for the purposes of this SISP, and shall have no further recourse as against the Company or the Proposal Trustee.

23. The Proposal Trustee, with the assistance of the Company, shall prepare a virtual data room (the "**VDR**") with additional information considered relevant to the Opportunity. The Company, the Proposal Trustee and their respective advisors make no representation or warranty as to the information made available pursuant to the SISP, including, in the VDR, except to the extent expressly contemplated in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by the Company.

#### **Due Diligence**

24. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Company.

25. The Proposal Trustee, in consultation with the Company, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Phase 1 Qualified Bidder such access to the VDR, due diligence material and information relating to the Property and

Business as the Proposal Trustee deems appropriate, provided that such Phase 1 Qualified Bidder has complied with section 20(a). Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Company, in their reasonable business judgment and after consulting with the Proposal Trustee, may agree.

26. The Proposal Trustee shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Company nor the Proposal Trustee shall be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if the Company, in consultation with, and with the approval of, the Proposal Trustee, determines such information to represent proprietary or sensitive competitive information.

***Non-Binding Letters of Intent from Phase 1 Qualified Bidders***

27. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of intent (an "**LOI**") to the Proposal Trustee, with a copy to the Company, at the email addresses specified in Schedule "C" hereto, so as to be received by them not later than 5:00 PM (Calgary Time) on **October 2, 2023** (the "**Phase 1 Bid Deadline**").
28. Subject to paragraph 56, an LOI will only be considered a qualified LOI (a "**Qualified LOI**") if:
- (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
  - (b) it does not contemplate payment of a break fee, expense reimbursement, or other form of bid protection;
  - (c) it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
    - (i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); or
    - (ii) make an investment in, restructure, reorganize or refinance the Business or the Company (an "**Investment Proposal**");
  - (d) in the case of a Sale Proposal, it identifies or contains the following:
    - (i) the consideration or range of consideration in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;

- (ii) a description of the Property that is expected to be subject to and/or excluded from the transaction;
  - (iii) confirmation of the payment or assumption of any Cure Costs associated with the Property expected to be subject to the transaction;
  - (iv) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
  - (v) a description of the conditions and approvals required for a final and binding offer;
  - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
  - (vii) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (e) in the case of an Investment Proposal, it identifies or contains the following:
- (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;
  - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Company in Canadian dollars;
  - (iii) the underlying assumptions regarding the *pro forma* capital structure;
  - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
  - (v) a description of the conditions and approvals required for a final and binding offer;
  - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
  - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
  - (viii) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and
- (f) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Proposal Trustee or the Company.



***Preliminary Assessment of Phase 1 Bids and Subsequent Process***

29. Following the Phase 1 Bid Deadline, the Proposal Trustee, in consultation with the Company, will assess the Qualified LOIs and, if it is determined that a Phase 1 Qualified Bidder that has submitted a Qualified LOI:

- (a) has a *bona fide* interest in completing an Alternate Transaction; and
- (b) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided;

then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Proposal Trustee may, in its reasonable business judgment and, with the approval of the Company, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account the factors identified in paragraph 30 hereof and any material adverse impact on the operations and performance of the Company. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISF. A Phase 1 Qualified Bidder that has submitted a Qualified LOI shall only be deemed to be a Phase 2 Qualified Bidder with the approval of the Proposal Trustee, in consultation with the Company.

30. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Proposal Trustee, in consultation with the Company, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as it considers appropriate in the circumstances including, but not limited to:

- (a) the number of Qualified LOIs received;
- (b) the extent to which the Qualified LOIs relate to the same Property or Business or involve Investment Proposals predicated on certain Property or Business; and
- (c) the scope of the Property or Business to which any Qualified LOIs may relate.

31. Following the determination of the manner in which to proceed to Phase 2 of the SISF in accordance with paragraphs 29 and 30 hereof, the Proposal Trustee, in consultation with the Company, may prepare a bid process letter for Phase 2 (the "**Bid Process Letter**") to be sent by the Proposal Trustee to all Phase 2 Qualified Bidders as soon as practically possible following the Phase 1 Bid Deadline.

***Selection of Stalking Horse Term Sheet and Termination of the SISP***

32. The Proposal Trustee, in consultation with the Company and the Stalking Horse Bidder, may elect to terminate the SISP:
- (a) at any time if the Company executes a binding commitment, in a form satisfactory to the Proposal Trustee and the Stalking Horse Bidder, with a third party which is sufficient to repay the Priority Payables, the Secured Debt and fund a proposal under Division I, Part III of the BIA; or
  - (b) at a date subsequent to the Phase I Bid Deadline in the event that the Stalking Horse Term Sheet is the only Qualified LOI,

and in any such case the Company shall proceed to negotiate a definitive agreement for immediate approval by the Court. The Proposal Trustee shall provide at least three (3) days' notice to the Company of the Proposal Trustee's intention to terminate the SISP pursuant to this paragraph.

33. Notwithstanding anything in the preceding paragraph, the SISP shall only be terminated by the Proposal Trustee if it believes there is a reasonable expectation that such supporting transaction will be closed expeditiously and in any event by no later than what would otherwise be the Phase 2 Bid Deadline, subject only to Court approval.

**Phase 2: Formal Offers and Selection of Successful Bidder**

34. Paragraphs 35 to 42 below and the conduct of Phase 2 are subject to paragraphs 29 to 33 above, any adjustments made to Phase 2 in accordance with the Bid Process Letter, and any further Court order regarding the SISP.

***Formal Binding Offers***

35. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Company or their Property or Business shall submit a binding offer (a "**Phase 2 Bid**") that complies with all of the following requirements to the Proposal Trustee at the address specified in **Schedule "C"** hereto (including by e-mail), so as to be received by them not later than 5:00 PM (Calgary Time) on November 6, 2023 or as may be modified in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
- (a) the bid shall comply with all of the requirements set forth in paragraph 28 above in respect of Phase 1 Qualified LOIs;

- (b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Company or their Property or Business and is consistent with any necessary terms and conditions established by the Company and the Proposal Trustee and communicated to Phase 2 Qualified Bidders;
- (c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined herein), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- (d) the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Consideration**"), together with all exhibits and schedules thereto, including, in the case of a Sale Proposal:
  - (i) a duly executed purchase and sale agreement based on the template asset purchase agreement to be prepared by the Company (the "**Template APA**"); and
  - (ii) blackline of the executed purchase and sale agreement to the Template APA;
- (e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Company and the Proposal Trustee to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (f) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 1 from the Phase 2 Qualified Bidder, or (ii) obtaining financing, but may be conditioned upon the Company receiving the required approvals or amendments relating to the licences required to operate the Business, if necessary;
- (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (h) for a Sale Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the form of a wire transfer to a trust account specified by the Proposal Trustee (a "**Deposit**") in the amount of not less than 10% of the Consideration offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;

- (i) for an Investment Proposal, the bid includes a Deposit in the amount of not less than 10% of the total new investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
  - (j) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder:
    - (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Company prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase 1 from the Phase 2 Qualified Bidder);
    - (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and
    - (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Company or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Company;
  - (k) the bid is received by the Phase 2 Bid Deadline; and
  - (l) the bid contemplates closing the transaction set out therein on or before December 11, 2023.
36. Following the Phase 2 Bid Deadline, the Proposal Trustee, together with the Company, will assess the Phase 2 Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Phase 2 Bids received shall be deemed to be Qualified Bids without the approval of the Proposal Trustee. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
37. 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 (10) Business Days of the Phase 2 Bid Deadline, or at such later time as the Proposal Trustee deems appropriate.
38. The Proposal Trustee may, with the approval of the Company, aggregate separate Phase 2 Bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

### **Evaluation of Competing Bids**

39. The Proposal Trustee, in consultation with the Company, will evaluate Qualified Bids based upon several factors including, without limitation:
- (a) the Consideration and the net value provided by such bid;
  - (b) the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions;
  - (c) the proposed transaction documents;
  - (d) factors affecting the speed, certainty and value of the transaction;
  - (e) the assets included or excluded from the bid;
  - (f) any related restructuring costs; and
  - (g) the likelihood and timing of consummating such transaction.

### **Selection of Successful Bid**

40. The Proposal Trustee, with the approval of the Company, will:
- (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Company, in consultation with the Proposal Trustee, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Phase 2 Qualified Bid as a result of such negotiations; and
  - (b) identify the highest or otherwise best bid (the "**Successful Bid**", and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Company, with the assistance of the Proposal Trustee shall be subject to approval by the Court.
41. With the exception of the Stalking Horse Bid, the Company shall have no obligation to enter into a Successful Bid, and it reserves the right, after consultation with the Proposal Trustee, to reject any or all Phase 2 Qualified Bids.

### **Confidentiality and Access to Information**

42. All discussions regarding an Alternative Transaction shall be directed through the Proposal Trustee and if management presentations are requested, the Proposal Trustee shall make arrangements with Potential Bidders for same.
43. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Company, the Proposal Trustee and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Company, with the approval of the Proposal Trustee and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
44. The Proposal Trustee may consult with any other parties with a material interest in the NOI Proceedings regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Proposal Trustee (subject to paragraph 43 and taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that such parties shall have entered into confidentiality arrangements satisfactory to the Company and the Proposal Trustee.
45. The Proposal Trustee may consult with the Stalking Horse Bidder regarding the status and nature of bids received in the SISP and the ongoing negotiations with Potential Bidders, Phase 1 Qualified Bidders and Phase 2 Qualified Bidders, provided that the Stalking Horse Bidder does not alter its bid in any material way, including in a manner that affects the overall value of the Stalking Horse Bid.

### **AER Approval**

46. All Qualified Bids, including the Stalking Horse Bid and Successful Bid, may be submitted by the Proposal Trustee to the Alberta Energy Regulator ("**AER**"), on appropriate confidentiality undertakings, for review and approval by the AER. All Qualified and Subsequent Bids shall remain open for acceptance until the time that the transaction contemplated by the Successful Bid is closed.

### **Approval Application**

47. Upon determination of the Successful Bid(s), the Company shall apply to the Court (the "**Approval Application**") for a Vesting Order approving the Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid.
48. The Approval Application will be held on a date agreed upon, and may be adjourned or rescheduled, by the Company and the Proposal Trustee.
49. All Qualified Bids and Subsequent Bids (other than the Successful Bid) shall be deemed rejected on closing of the Successful Bid and shall remain open for acceptance until that time.

### **Deposits**

50. All Deposits shall be retained by the Proposal Trustee in a non-interest-bearing trust account located at financial institution in Canada.
51. If there is a Phase 2 Qualified Bid that constitutes a Successful Bid, the Deposit paid by the Successful Bidder shall be applied to the consideration to be paid upon closing of the transaction constituting the Successful Bid.
52. The Deposit(s) from all Qualified Bidders submitting Phase 2 Qualified Bids that do not constitute a Successful Bid shall be returned to such Qualified Bidder within five (5) Business Days of the earlier of (i) the date that the Company select a Successful Bid pursuant to sections 32 and 33 hereof or (ii) the Court declares a Successful Bid pursuant to section 40 hereof.
53. If the Qualified Bidder making a Phase 2 Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Company; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Company have in respect of such breach or default.
54. If the Company is unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) then the Deposit shall be returned to the Successful Bidder as its sole remedy.

### **Supervision of the SISP**

55. The Proposal Trustee shall oversee the conduct of the SISP in all respects. Without limitation to that supervisory role, the Proposal Trustee shall participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, and any other order of the Court, and is entitled to receive

all information in relation to the SISP. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

56. The Proposal Trustee, in consultation with the Company, may waive compliance with any one or more of the requirements of this SISP, including, for greater certainty,
  - (a) deem a non-compliant LOI to be a Qualified LOI; and/or
  - (b) waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Phase 2 Bids to be a Qualified Bid.
57. This SISP does not, and shall not be interpreted to, create any contractual or other legal relationship between the Company or the Proposal Trustee and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Company.
58. Without limiting the preceding paragraph, the Proposal Trustee shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, the Company, or any other creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Proposal Trustee. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Proposal Trustee for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Proposal Trustee.
59. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
60. Subject to the terms of the SISP Order, the Proposal Trustee, in consultation with the Company, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Potential Bidders and other participants in the SISP shall be advised of any substantive modification to the procedures set forth herein.
61. In order to discharge its duties in connection with the SISP, the Proposal Trustee may engage professional or business advisors or agents as the Proposal Trustee deems fit in its sole discretion.



**Approvals**

62. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by applicable law in order to implement a Successful Bid.

**Further Orders**

63. At any time during the SISP the Proposal Trustee may apply to the Court for advice and directions with respect to any aspect of these SISP Procedure or the discharge of its powers and duties hereunder.

**SCHEDULE "A"**  
**STALKING HORSE TERM SHEET**  
**(ATTACHED)**

## BINDING TERM SHEET FOR RVO OR ASSET SALE TRANSACTION

This binding term sheet (the "**Term Sheet**") sets forth the agreement of the parties hereto (the "**Parties**") with respect to the proposed transaction which is described herein (the "**Proposed Transaction**"). The Proposed Transaction shall contemplate either a share reorganization (the "**Share Transaction**") or an asset purchase (the "**Asset Transaction**") at the Purchaser's sole discretion.

The Parties acknowledge that this Term Sheet is being provided as part of a SISP to be administered by FTI Consulting Canada Inc. in its capacity as proposal trustee of the Debtor (the "**Proposal Trustee**"), in consultation with the Debtor. Upon execution of this Term Sheet by the Parties, this Term Sheet shall create a binding legal obligation on the part of the Parties, subject to the terms and conditions of any definitive agreements as may be negotiated by the Parties, of the RVO or SAVO (as applicable), and approval of the Court of King's Bench of Alberta (the "**Court**").

1. Purchaser	<p>Invico Diversified Income Limited Partnership ("<b>Invico LP</b>") or its nominee (the "<b>Purchaser</b>" or "<b>Stalking Horse Bidder</b>").</p> <p>Invico LP is the senior secured creditor of Free Rein Resources Ltd. and is owed \$5,840,545.25 as at September 1, 2023 (the "<b>Invico Secured Debt</b>").</p>
2. Seller:	<p>Free Rein Resources Ltd. (the "<b>Debtor</b>").</p> <p>On June 12, 2023, the Debtor filed a notice of intention to file a proposal pursuant to section 50.4 of the <i>Bankruptcy and Insolvency Act</i>, RSC 1985, c B-3 (the "<b>NOI Proceedings</b>"). The Court File Number and Estate Number for the NOI Proceedings in the Court are 25-2954304 and B201954304, respectively.</p>
3. Closing Date:	<p>Closing of the Proposed Transaction ("<b>Closing</b>") shall occur on or about thirty (30) business days following the waiver or satisfaction of the closing conditions, or such earlier or later date as agreed by the Parties (the "<b>Closing Date</b>").</p>
4. Court Approval of SISP:	<p>On August 25, 2023, the Debtor shall apply to the Court for, among other things: an order (the "<b>SISP Order</b>") approving the stalking horse sales and investment solicitation process (the "<b>SISP</b>"), to which this Term Sheet will be appended as Schedule "A".</p>
5. Proposed Transaction:	<p>A. Should the Purchaser pursue the Proposed Transaction by way of a Share Transaction, the Purchaser shall prepare a subscription agreement pursuant to which the Purchaser offers to purchase new shares in the Debtor. Then pursuant to the terms and conditions of a reverse vesting</p>

order ("**RVO**") and Section 192 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), the articles of incorporation of the Debtor will be reorganized to provide for the following, among other things: (i) to authorize the issuance of a new class of common shares (the "**New Shares**"); (ii) to remove all rights and restrictions of the existing common shares (the "**Existing Shares**"), if any; and (iii) cause the Existing Shares to be redeemable for nominal value (the "**Articles of Reorganization**"). On Closing: (a) the Purchaser shall subscribe for New Shares (the "**Purchased Shares**") for a subscription amount equal to the Purchase Price (defined below); and (b) the Existing Shares shall be redeemed for no consideration in accordance with the Articles of Incorporation. Through the issuance of the Purchased Shares, the Purchaser will acquire the Debtor, with the exception of certain Excluded Assets and Excluded Liabilities, outlined below.

Further, the RVO shall (i) vest all of the Excluded Assets and Excluded Liabilities absolutely and without recourse and subject to all existing encumbrances, including the charges created under the Stay Extension Order granted by the Court in the NOI Proceedings on July 11, 2023 (the "**Stay Extension Order**"), in and to a trust created for the benefit of the existing creditors of the Debtor (the "**Trust**"), of which FTI Consulting Canada Inc. will be the trustee (in such capacity, the "**Residual Trust Trustee**") for the purpose of administering the Excluded Assets and Excluded Liabilities; (ii) declare all Excluded Liabilities to be solely claims against the Excluded Assets to be administered by the Trust; (iii) discharging the Proposal Trustee with respect to the Debtor and terminating the NOI Proceedings with respect to the Debtor; and (iv) notwithstanding the foregoing, declaring that the Debtor shall remain liable for any asset and liabilities retained by the Debtor in the proposed transaction.

After Closing, the Proposal Trustee, in its capacity as the Trustee, shall administer the Trust in accordance with the terms of a Trust Settlement and any orders issued by the Court.

- B. Should the Purchaser pursue the Proposed Transaction by way of Asset Transaction, the Purchaser shall prepare an asset purchase agreement in respect of all of the Debtor's assets, with the exception of the Excluded Assets, free and clear of all liabilities (the "**APA**"). If the Purchaser is determined to be the Successful Bidder in the SISP, the Debtor shall apply to the Court for a sale approval and vesting order ("**SAVO**") approving the APA and vesting the assets free and clear of all claims, to the Purchaser.

<p>6. Consideration:</p>	<p>The total aggregate purchase price paid by the Purchaser for the Proposed Transaction shall be (the "<b>Purchase Price</b>"): (i) the Invico Secured Debt; and (ii) the Cash Component (as defined below).</p> <p>The Purchase Price shall be satisfied as follows:</p> <p>(a) the total amount of the Invico Secured Debt, to be adjusted at closing to account for accrued interest, to be paid by way of set off against (as a non-cash credit reduction of) the Invico Secured Debt; and</p> <p>(b) a cash payment to satisfy the Priority Payables and the Holdback Amount; and</p> <p>(c) the assumption or payment of Cure Costs (together with the Priority Payables, the "<b>Cash Component</b>").</p> <p><b>"Priority Payables"</b> means any current or future amounts owing as secured by any charges, liens, interests, deemed trusts or claims that rank in priority to the Invico Secured Debt, including without limitation the Administration Charge (as defined in the order granted by the Court on July 11, 2023 in the NOI Proceedings) and any other Court ordered charges or statutory priority claims, but does not include the Excluded Liabilities.</p> <p><b>"Holdback Amount"</b> means the amount of not less than \$50,000 or such greater amount as will be negotiated in the definitive documents, to be used to either administer the Trust in the case of a share purchase pursuant to an RVO, or to administer the wind up of the Debtor in the case of an asset purchase pursuant to a SAVO. Upon the completion of the administration of the Trust or the winding up of the Debtor, any unused portion of the Holdback Amount will be returned to the Stalking Horse Bidder.</p> <p><b>"Cure Costs"</b> means any costs required to bring any arrears current on contracts which are either assumed or acquired by the Purchaser.</p>
<p>7. Representations and Warranties:</p>	<p>The issuance of the Purchased Shares or the sale of the Purchased Assets to the Purchaser, as applicable, shall be on an "as is, where is basis".</p>
<p>8. Stalking Horse Process:</p>	<p>The Purchaser hereby agrees to allow for disclosure of this Term Sheet to the Court and all other parties by the Debtor as part of the SISF to be commenced by the Debtor as soon as practicable following Court approval of the SISF.</p>
<p>9. Transfer Taxes:</p>	<p>The Purchase Price is exclusive of all transfer taxes, including GST, and the Purchaser shall pay, or shall otherwise be</p>

	<p>responsible for, all transfer taxes and GST which may become payable in connection with the purchase of the Proposed Transaction. The Parties shall, acting reasonably, mutually agree upon an allocation of the consideration payable hereunder in such a manner as will reduce transfer taxes payable in the Proposed Transaction to the greatest extent possible.</p>
<p>10. Deposit:</p>	<p>The Purchaser shall pay a cash deposit of 10% of the Cash Component (the "<b>Deposit</b>") with respect to the Proposed Transaction prior to commencement of the sales process. The Deposit shall be forfeited, paid and released to the Debtor if the Purchaser is the successful bidder in the sales process and fails to close the Proposed Transaction and the Debtor is willing, ready and able to close the Proposed Transaction.</p>
<p>11. Excluded Assets:</p>	<p>In the event the Proposed Transaction is a Share Transaction, the following assets of the Debtor shall be transferred to the Trust on or prior to closing (collectively, the "<b>Excluded Assets</b>"): </p> <ul style="list-style-type: none"> <li>• all amounts paid by the Purchaser in respect of the Purchase Price; and</li> <li>• any other assets of the Debtor designated as an Excluded Asset upon the mutual agreement of the Purchaser and the Debtor, with the consent of the Proposal Trustee, in writing prior to Closing.</li> </ul> <p>In the event the Proposed Transaction in an Asset Transaction, the Excluded Assets shall not constitute purchased assets.</p>
<p>12. Excluded Liabilities:</p>	<p>In the event the Proposed Transaction is a Share Transaction, the following liabilities of the Debtor shall be transferred to and assumed by the Trust on or prior to Closing (collectively, the "<b>Excluded Liabilities</b>"), in consideration for the transfer to the Trust of the Excluded Assets:</p> <ul style="list-style-type: none"> <li>• any and all trade claims, other unsecured claims, and any secured claims secured by security ranking subordinate to the security granted by the Debtor in favour of Invico LP, incurred both before and after June 12, 2023;</li> <li>• any other liabilities designated by the Purchaser as an Excluded Liability in the definitive documents.</li> </ul> <p>For greater certainty, the Excluded Liabilities will retain the priority they have against the Debtor as at the date that the Share Transaction certificate is filed.</p>
<p>13. Whitemap Transaction:</p>	<p>It is the intention of the Parties that the oil and gas assets and liabilities retained by the Debtor on Closing, either through a Share Transaction or an Asset Transaction, are "whitemapped", as the</p>

	<p>term is used in the oil and gas industry in Alberta. The assets and liabilities retained by the Debtor in the case of a Share Transaction, or by the Purchaser in the case of an Asset Transaction, shall include all of the Debtor's assets and liabilities within the Province of Alberta (the "<b>Whitemap Area</b>"), other than (i) the Excluded Assets, and (ii) the Excluded Liabilities.</p> <p>(a) The Parties acknowledge and agree that it is their intention that the retained assets or the purchase assets, as the case may be, shall include the Debtor's entire interest in and to all of the oil and gas assets which fall within the Whitemap Area, any of such additional retained assets, being the "<b>Unscheduled Assets</b>", and that the Purchase Price includes consideration for such Unscheduled Assets.</p> <p>(b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Date or to the extent that any assets are undeliverable by the Debtor or were erroneously excluded on the any asset schedules (a "<b>Schedule</b>"), the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedule as of the date hereof.</p> <p>(c) The Parties further acknowledge that all liabilities and obligations associated with the Unscheduled Assets shall likewise be retained by the Debtor in accordance with the terms hereof and shall be deemed to be assumed or retained liabilities.</p>
14. Conditions to Closing:	<p>The Parties' obligation to close the Proposed Transaction will be subject to the following conditions precedent (collectively, the "<b>Closing Conditions</b>"): </p> <ul style="list-style-type: none"><li>a) the granting of the SISP Order in a form satisfactory to the Parties, acting reasonably;</li><li>b) the granting of a RVO or SAVO, as applicable, in a form satisfactory to the Parties, acting reasonably;</li><li>c) this Term Sheet being the successful bid under the SISP, or there is no Superior Offer under the SISP; and</li><li>d) the RVO or SAVO, as applicable, becoming a final order, not subject to any stay or filed appeal (a "<b>Final Order</b>").</li></ul>
15. Governing Law:	<p>This Term Sheet will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.</p>

16. Counterparts:	This Term Sheet may be executed and delivered electronically in two or more counterparts, any one of which need not contain the signature of more than one Party, but all such counterparts taken together shall constitute one and the same instrument.
17. Assignment	The Purchaser may assign the Term Sheet without the prior written consent of the Debtor and the Proposal Trustee.
18. Further Assurances:	<p>Each of the Parties hereto shall at the request and expense of the other Party hereto so requesting execute and deliver such further or additional documents and instruments as may reasonably be considered necessary or desirable to properly reflect and carry out the true intent and meaning of this Term Sheet.</p> <p>The Parties shall each use commercially reasonable efforts to satisfy the Closing Conditions and implement the Proposed Transaction as soon as practicable, but in no event later than the Outside Date. The Parties shall cooperate with each other in a timely and commercially reasonable manner to satisfy the Closing Conditions and implement the Proposed Transaction soon as practicable.</p> <p>The Parties shall duly prepare and execute such further and other documents, and take such further and other actions, as may be reasonably necessary in order to implement and give effect to the Proposed Transaction and the transactions and benefits contemplated thereby (collectively, the "<b>Closing Actions</b>").</p>
19. Binding Term Sheet:	All of the Parties hereby agree and acknowledge that this Term Sheet represents a binding agreement of the Parties with respect to the subject matter provided for herein. Notwithstanding the foregoing, the terms and conditions set forth in this Term Sheet, together with the RVO and SAVO (as applicable), are subject to further due diligence and review of further definitive documentation by the Purchaser, and may be modified or varied accordingly, provided however, that the Purchaser will not alter its bid in any material way, including in a manner that affects the overall value of the Stalking Horse Bid.
20. Interpretation:	Capitalized terms not otherwise defined herein have the meaning set forth in the RVO, SAVO, the SISP Order, the SISP or such other documents filed with the Court in support thereof.

***Signature page to follow***



Dated effective as to the \_\_ day of August, 2023

Invico Diversified Income Limited Partnership

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Per:

Free Rein Resources Ltd.

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Per:

**SCHEDULE "B"**

**TIMELINE**

<b>Milestone</b>	<b>Deadline</b>
Free Rein, Proposal Trustee and Stalking Horse Bidder to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	<b>September 1, 2023</b>
Free Rein and Proposal Trustee to prepare and have available for Potential Bidders the Data Room	<b>September 8, 2023</b>
Phase 1 Bid Deadline	<b>October 2, 2023</b>
Phase 2 Bid Deadline	<b>November 6, 2023</b>
Transaction Approval Application Hearing	<b>November 17, 2023</b>
Closing Date Deadline	<b>December 11, 2023</b>

**SCHEDULE "C"**  
**NOTICE**

**To the Proposal Trustee:**

**FTI Consulting Canada Inc., the Proposal Trustee**

Attention: Dustin Olver / Brett Wilson  
Email: [dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com) / [brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com)

With a copy to:

**Cassels Brock & Blackwell LLP, legal counsel to the Proposal Trustee**

Attention: Jeff Oliver/Danielle Marechal  
Email: [joliver@cassels.com](mailto:joliver@cassels.com) / [dmarechal@cassels.com](mailto:dmarechal@cassels.com)

**To the Company:**

**Free Rein Resources Ltd., the Company**

Attention: Tony Berthelet  
Email: [tony@freereinres.com](mailto:tony@freereinres.com)

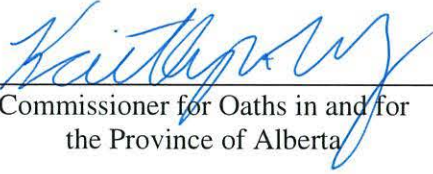
With a copy to:

**Burnett, Duckworth & Palmer LLP, legal counsel to the Company**

Attention: David LeGeyt/Ryan Algar  
Email: [dlegeyt@bdplaw.com](mailto:dlegeyt@bdplaw.com) / [ralgar@bdplaw.com](mailto:ralgar@bdplaw.com)

THIS IS **EXHIBIT “N”** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



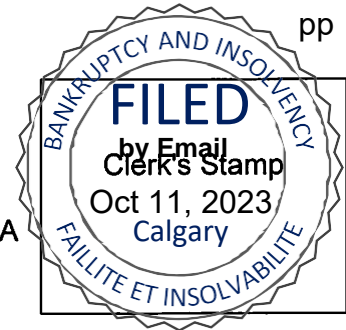
Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

COURT FILE / ESTATE NUMBERS 25-2954304  
B201954304

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



pp

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 (THIRD STAY EXTENSION TO FILE A 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  
Phone Number: (403) 260-0120 / (403) 260-0126  
Fax: (403) 260-0332  
Email: [dlegeyt@bdplaw.com](mailto:dlegeyt@bdplaw.com) / [ralgar@bdplaw.com](mailto:ralgar@bdplaw.com)  
File No. 077501-3

**DATE ON WHICH ORDER WAS PRONOUNCED:** October 5, 2023

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**JUSTICE WHO MADE THIS ORDER:** The Honourable Justice D.B. Nixon

**UPON THE APPLICATION** of Free Rein Resources Ltd. ("**Free Rein**"); AND UPON reading Affidavit No. 3 of Terry McCallum sworn September 26, 2023 ("**McCallum Affidavit No. 3**"); AND UPON hearing submissions by counsel for Free Rein, counsel for FTI Consulting Canada Inc. in its capacity as the proposal trustee of Free Rein (the "**Proposal Trustee**"), 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.

## DEFINED TERMS

2. Capitalized terms not otherwise defined in this Order shall have the meanings set forth in McCallum Affidavit No.3 or the reports of the Proposal Trustee.

## EXTENSION OF TIME TO FILE A PROPOSAL

3. 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 *Bankruptcy and Insolvency Act* (Canada) is hereby extended to November 23, 2023.
4. Free Rein shall provide written notice to Invico Diversified Income Limited Partnership of any expenditure outside the normal course of business that exceeds \$10,000, at minimum two days in advance of incurring such expenditure.
5. Service of this Order shall be deemed good and sufficient by:
  - (a) Serving the same on:
    - (i) the persons listed on the service list in these proceedings;
    - (ii) any other person served with notice of the application for this Order; and
    - (iii) any other parties attending or represented at the application for this Order; and
  - (b) posting a copy of this Order on the Proposal Trustee's website Trustee's website at: <http://cfcanada.fticonsulting.com/freerein>.
6. Service of this Order may be effected by facsimile, electronic mail, personal delivery, recorded mail or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

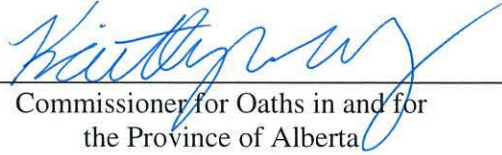


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J.C.C.K.B.A

THIS IS **EXHIBIT "O"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388



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  
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Telephone: (403) 454-6032 / (403) 454-6033  
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[brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com)

**COUNSEL**

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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**

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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 18-Nov	Week 2 25-Nov	Week 3 2-Dec	Week 4 9-Dec	Week 5 16-Dec	Week 6 23-Dec	Week 7 30-Dec	Total	Notes
<b>Receipts</b>									
Net production revenue	\$ -	\$ 459	\$ -	\$ -	\$ -	\$ -	\$ 351	\$ 810	1
Other receipts	-	-	-	-	-	-	-	-	
<b>Total - Receipts</b>	-	<b>459</b>	-	-	-	-	<b>351</b>	<b>810</b>	
<b>Disbursements</b>									
Royalties	-	-	-	(26)	-	-	-	(26)	2
Transportation costs	-	(36)	-	-	-	-	(30)	(66)	3
Operating expenses	-	(102)	(30)	-	-	-	(81)	(213)	4
Capex	-	-	-	-	-	-	-	-	5
SG&A expense	(38)	-	(92)	-	(73)	-	(92)	(295)	6
Professional fees	-	(135)	-	-	-	-	(135)	(270)	7
GST remittance	-	-	-	-	-	-	(14)	(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 Olver, LIT

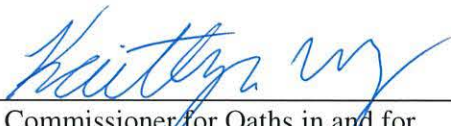
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Management of Free Rein Resources Ltd. ("FRR") has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of FRR during the period of November 12, 2023 to December 30, 2023. This Projected Cash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

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- 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.

THIS IS **EXHIBIT "P"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

**From:** [Olver, Dustin](#)  
**To:** [Robyn Gurofsky](#); [Anthony Mersich](#); [Wilson, Brett](#)  
**Subject:** [EXT] FW: [EXT Email] RE: Anticipated Force Majeure at Acheson Gas Plant  
**Date:** November-15-23 2:03:20 PM  
**Attachments:** [image001.png](#)  
[image002.jpg](#)

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**{CAUTION: This email originated from outside of Fasken. Exercise care before clicking links or opening attachments.}**

Please see below.

**Dustin Olver**

Senior Managing Director  
Corporate Finance & Restructuring

**FTI Consulting**

+1.403.454.6032 D  
+1.403.519.3485 C

[Dustin.olver@fticonsulting.com](mailto:Dustin.olver@fticonsulting.com)

1610, 520 – 5<sup>th</sup> Ave S.W.  
Calgary, AB T2P 3R7 Canada  
[www.fticonsulting.com](http://www.fticonsulting.com)

---

**From:** Terry McCallum <[terry@freereinres.com](mailto:terry@freereinres.com)>  
**Sent:** Wednesday, November 15, 2023 11:28 AM  
**To:** Olver, Dustin <[Dustin.Olver@fticonsulting.com](mailto:Dustin.Olver@fticonsulting.com)>; Wilson, Brett <[Brett.Wilson@fticonsulting.com](mailto:Brett.Wilson@fticonsulting.com)>  
**Cc:** Tony Berthelet <[tony@freereinres.com](mailto:tony@freereinres.com)>  
**Subject:** [EXTERNAL] FW: [EXT Email] RE: Anticipated Force Majeure at Acheson Gas Plant

Please see below.

If you want to discuss I am on my cell guys.

This should go to Invico and Tartan as well.

Sincerely

Terry



**Terry R. McCallum, P. Geo.**  
**Chairman and CEO**

3900, 350 7<sup>th</sup> Ave SW  
Calgary, Alberta T2P 3N9  
403.617.5785  
[terry@freereinres.com](mailto:terry@freereinres.com)

---

**From:** Natalie Heffernan <[Natalie@freereinres.com](mailto:Natalie@freereinres.com)>  
**Sent:** Wednesday, November 15, 2023 11:26 AM  
**To:** Terry McCallum <[terry@freereinres.com](mailto:terry@freereinres.com)>  
**Subject:** FW: [EXT Email] RE: Anticipated Force Majeure at Acheson Gas Plant

---

**From:** Jason Kulsy <[jkulsy@tidewatermidstream.com](mailto:jkulsy@tidewatermidstream.com)>  
**Sent:** Wednesday, November 15, 2023 10:37 AM  
**To:** Natalie Heffernan <[Natalie@freereinres.com](mailto:Natalie@freereinres.com)>  
**Subject:** RE: [EXT Email] RE: Anticipated Force Majeure at Acheson Gas Plant

Hi,

No problem. It's a courtesy notice & we're not issuing letters until the FM event kicks in. I hope that works. We have relatively large number of emulsion customers as well & will be sending them FM courtesy notices as well.

I hope that works,

**Jason Kulsy | Tidewater Midstream** | [jkulsy@tidewatermidstream.com](mailto:jkulsy@tidewatermidstream.com) | m. 403.863.4653

---

**From:** Natalie Heffernan <[Natalie@freereinres.com](mailto:Natalie@freereinres.com)>  
**Sent:** Wednesday, November 15, 2023 10:32 AM  
**To:** Jason Kulsy <[jkulsy@tidewatermidstream.com](mailto:jkulsy@tidewatermidstream.com)>  
**Subject:** [EXT Email] RE: Anticipated Force Majeure at Acheson Gas Plant

Hi Jason-

I appreciate you notifying us and we will make the appropriate arrangements to get ready for November 30<sup>th</sup> shut in.

Please also send the below in a letter form (is it a Stop Notice?) and we can pass off to whomever will be required to know.

Warm regards,  
Natalie

---

**From:** Jason Kulsy <[jkulsy@tidewatermidstream.com](mailto:jkulsy@tidewatermidstream.com)>

**Sent:** Wednesday, November 15, 2023 9:30 AM

**To:** Natalie Heffernan <[Natalie@freereinres.com](mailto:Natalie@freereinres.com)>

**Subject:** Anticipated Force Majeure at Acheson Gas Plant

Hi Natalie,

Tidewater currently anticipates the Acheson Gas Plant receiving inlet gas volumes at levels below the minimum required volume to safely run the plant on or about November 30<sup>th</sup>, 2023. As such, Tidewater will be unable to (i) accept & process Free Rein's natural gas at Acheson per our existing Gas Handling Agreement and (ii) accept & handle non-gas substances per our existing Emulsion Handling Agreement. We expect to issue a force majeure notice per Article VIII of each agreement on or about November 30<sup>th</sup>, 2023 when the plant inlet volumes drop below the minimum required volume. Tidewater will notify Free Rein and its representatives should anything change prior to the above noted date or thereafter and any related change in circumstances at Acheson.

Please don't hesitate to contact us as required.

Regards,

**Jason Kulsky**

VP, Commercial (Midstream)

Cell: (403) 863-4653

900, 222 3<sup>rd</sup> Avenue SW, Calgary AB, T2P 0B4

[www.tidewatermidstream.com](http://www.tidewatermidstream.com)




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THIS IS **EXHIBIT “Q”** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388



900, 222 3<sup>rd</sup> Avenue SW  
Calgary, AB T2P 0B4  
P: (587) 475-0210  
F: (587) 475-0211  
[www.tidewatermidstream.com](http://www.tidewatermidstream.com)

November 24, 2023

**Acheson 05-02-053-26W4M Facility**  
*Producers*

Attention: Joint Venture & Operations Departments

**RE: Acheson 05-02-053-26W4M Facility Force Majeure Notice**

---

Tidewater Midstream and Infrastructure Ltd. ("Tidewater") would like to inform Producers that we are declaring a Force Majeure event at the Acheson Facility, on or about December 1, 2023, and are issuing this Force Majeure notice pursuant to your respective Gas Handling Agreement and/or Emulsion Handling Agreement.

Tidewater is declaring Force Majeure due to the Acheson Facility receiving inlet gas volumes at levels below the minimum required volume to safely run the facility. As such, the Acheson Facility will be unable to accept producer natural gas or emulsion on or about December 1, 2023.

Tidewater will notify Producers of any future change in circumstances at the Acheson 05-02-053-26W4M Facility.

Should you have any questions or concerns, please contact Jason Kulsy, VP Commercial Midstream, at 403-863-4653 or [jkulsy@tidewatermidstream.com](mailto:jkulsy@tidewatermidstream.com)

Sincerely,

A handwritten signature in blue ink, appearing to read "Lyman McKeown".

Lyman McKeown  
Commercial Operations Analyst  
TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD.

THIS IS **EXHIBIT "R"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



---

Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388





**Financial Statements**  
**For the years ended March 31, 2022 & 2021**

## **Independent Auditor's Report**

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To the Shareholders of Free Rein Resources Ltd.:

### **Opinion**

We have audited the financial statements of Free Rein Resources Ltd. (the "Company"), which comprise the statement of financial position as at March 31, 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the Company reported a loss and comprehensive loss for the year ended March 31, 2022 and a working capital deficit as at March 31, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

March 23, 2023

**MNP LLP**  
Chartered Professional Accountants

**Free Rein Resources**  
**Statements of Financial Position**  
(In Canadian dollars)  
As at

<i>Notes</i>	March 31, 2022	March 31, 2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 183,359	\$ 1,255,744
Accounts receivable	1,429,301	609,978
Prepaid expenses	200,212	448,304
	1,812,872	2,314,026
Non-current assets		
Property and equipment	13,897,596	9,901,924
Right-of-use assets	226,298	299,692
<b>Total assets</b>	<b>\$ 15,936,766</b>	<b>\$ 12,515,642</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,746,614	\$ 2,186,744
Current portion of promissory notes	1,538,491	-
Current portion of Due to Tartan	741,000	-
Current portion of lease obligations	95,890	91,678
	4,121,995	2,278,422
Non-current liabilities:		
CEBA loan	36,976	33,297
Promissory notes	-	1,504,139
Due to Tartan	3,457,115	1,679,471
Lease obligations	243,213	339,102
Decommissioning obligations	6,250,315	5,091,449
<b>Total liabilities</b>	<b>\$ 14,109,614</b>	<b>\$ 10,925,880</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	4,173,100	4,173,100
Contributed surplus	481,125	214,921
Deficit	(2,827,073)	(2,798,259)
<b>Total shareholders' equity</b>	<b>1,827,152</b>	<b>1,589,762</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 15,936,766</b>	<b>\$ 12,515,642</b>

Going concern (Note 2)

Subsequent events (Note 18)

Approved by the Board of Directors:

*(Signed)*

Ted Hirst, Director

*(Signed)*

Terry McCallum, Director

The accompanying notes are an integral part of these financial statements.

**Free Rein Resources**  
**Statements of Loss and Comprehensive Loss**  
(In Canadian dollars)  
For the years ended March 31,

		Year ended March 31	
	<i>Note</i>	2022	2021
<b>REVENUE</b>			
Oil and natural gas sales		\$ 6,728,647	\$ 1,272,701
Crown royalties		(538,691)	(75,363)
Other royalties		(464,520)	(61,331)
Revenue, net of royalties		5,725,436	1,136,007
<b>EXPENSES</b>			
Operating		1,643,623	824,475
Transportation expense		325,214	103,630
General and administrative		1,760,737	716,227
Share-based compensation	13	266,204	143,677
Depletion and depreciation	5	874,494	431,894
		4,870,272	2,219,903
<b>OTHER INCOME AND EXPENSES</b>			
Other income		(13,286)	(29,753)
Site rehabilitation program grant income	10	(169,900)	-
Gain (loss) on Due to Tartan	8	276,042	(378,186)
Tartan debt restructuring costs	8	100,000	-
Accretion and finance expenses	4	691,122	179,517
		5,754,250	1,991,481
<b>LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>		\$ (28,814)	\$ (855,474)

The accompanying notes are an integral part of these financial statements.

**Free Rein Resources**  
**Statements of Changes in Shareholders' Equity**  
(In Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total Equity
<b>Balance – March 31, 2020</b>	<b>\$ 3,780,100</b>	<b>-</b>	<b>\$ (1,942,785)</b>	<b>\$ 1,837,315</b>
Issue of common shares (Note 11)	400,000	-	-	400,000
Conversion feature on promissory notes (Note 7)	-	71,244	-	71,244
Share issue expenses (Note 11)	(7,000)	-	-	(7,000)
Share-based compensation (Note 13)	-	143,677	-	143,677
Loss and comprehensive loss for the year	-	-	(855,474)	(855,474)
<b>Balance – March 31, 2021</b>	<b>\$ 4,173,100</b>	<b>\$ 214,921</b>	<b>\$ (2,798,259)</b>	<b>\$ 1,589,762</b>
Share-based compensation (Note 13)	-	266,204	-	266,204
Loss and comprehensive loss for the year	-	-	(28,814)	(28,814)
<b>Balance – March 31, 2022</b>	<b>\$ 4,173,100</b>	<b>\$ 481,125</b>	<b>\$ (2,827,073)</b>	<b>\$ 1,827,152</b>

The accompanying notes are an integral part of these financial statements.

**Free Rein Resources**  
**Statements of Cash Flows**  
(In Canadian dollars)  
For the years ended March 31,

		Year ended March 31	
	<i>Notes</i>	2022	2021
Cash provided by (used in):			
<b>OPERATING ACTIVITIES</b>			
Loss and comprehensive loss for the year		\$ (28,814)	\$ (855,474)
Gain on CEBA loan	6	-	(29,753)
Gain (loss) on due to Tartan	8	276,042	(378,186)
Site rehabilitation program grant	10	(169,900)	-
Accretion and financing expenses	4	196,469	145,480
Depletion and depreciation	5	874,494	431,894
Share-based compensation	13	266,204	143,677
Decommissioning expenditures	10	(27,537)	-
Interest on due to Tartan	8	369,414	-
Funds provided by (used in) operations		1,756,372	(542,362)
Changes in non-cash working capital	15	(21,121)	38,644
Net cash provided by (used in) operating activities		1,735,251	(503,718)
<b>FINANCING ACTIVITIES</b>			
Proceeds from due to Tartan, net of renegotiation costs	8	4,500,000	-
Settlement payment on original due to Tartan	8	(2,000,000)	-
Payments on due to Tartan	8	(671,410)	-
Proceeds from share issuance	11	-	400,000
Share issue costs	11	-	(7,000)
Proceeds from promissory notes issuance	7	-	1,570,000
Proceeds from CEBA loan	6	-	60,000
Repayment of lease obligation principal	9	(108,780)	(56,656)
Net cash generated from financing activities		1,719,810	1,966,344
<b>INVESTING ACTIVITIES</b>			
Expenditures on oil and natural gas properties	5	(3,537,206)	(1,780,768)
Changes in non-cash working capital	15	(990,240)	866,012
Net cash used in investing activities		(4,527,446)	(914,756)
<b>Net (decrease) increase in cash and cash equivalents</b>		(1,072,385)	547,870
Cash and cash equivalents, beginning of year		1,255,744	707,874
Cash and cash equivalents, end of year		\$ 183,359	\$ 1,255,744

The accompanying notes are an integral part of these financial statements.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**1. REPORTING ENTITY**

Free Rein Resources Ltd. (the “Company”, “FRR”) is engaged in the exploration, development, exploitation and production of oil and natural gas exclusively within western Canada. On November 30, 2018, the Company went through an acquisition of control and purchased an asset in Northern Alberta.

These financial statements of the Company were authorized for issuance by the Company’s Board of Directors on March 23, 2023.

**2. BASIS OF PRESENTATION AND GOING CONCERN**

**Basis of presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in effect on April 1, 2021, on a historical cost basis, except for certain financial instruments. The Company’s accounting policies have been applied consistently to all years presented. Amounts included in these financial statements are stated in Canadian dollars, unless otherwise noted, which is the Company’s functional currency.

**Going Concern**

These financial statements have been prepared on a going concern basis under the historical cost basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due, except for the revaluation to fair value of certain financial assets and financial liabilities, as detailed in FRR’s accounting policies. Should FRR be unable to continue as a going concern, it may be unable to realize the carrying amounts of its assets and to meet its liabilities as they become due.

The Company reported a loss and comprehensive loss of \$28,814 for the year ended March 31, 2022 (2021 - \$855,474) and a working capital deficit at March 31, 2022 of \$2,309,123 (2021 – working capital surplus of \$35,604). These circumstances create material uncertainty that lends significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

FRR continues to evaluate other liquidity event opportunities, including but not limited to strategic arrangements, asset dispositions, accessing third party capital or further equity raises. There is no assurance that these initiatives will be successful. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities and the reported revenues and expenses that might be necessary should FRR not be able to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business and at carrying amounts different from those reflected in the accompanying financial statements. Any such adjustments could be material.



**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**2. BASIS OF PRESENTATION AND GOING CONCERN (continued)**

**Matters Relating to the COVID-19 Pandemic**

The course of the COVID-19 pandemic is highly uncertain. The ultimate impact of the pandemic on FRR future operations and financial performance is currently unknown and will be dependent on a number of unpredictable factors outside of the knowledge and control of management, including:

- (i) the duration and severity of the pandemic;
- (ii) the impact of the pandemic on economic growth, commodity prices and financial and capital markets; and,
- (iii) governmental responses and restrictions.

These uncertainties may continue to persist beyond the point where the initial outbreak of the COVID-19 virus has subsided. The potential impact of the COVID-19 pandemic has been considered by management in making judgments, estimates and assumptions used in the preparation of these financial statements, but the inherent risks and uncertainties resulting from the pandemic may result in material changes to such judgments, estimates and assumptions in future financial periods as additional information becomes available.

Note 3 to the financial statements contains a description of the accounting judgments, estimates and assumptions that are considered significant. Current conditions have increased the complexity in making judgments, estimates and assumptions used to prepare these financial statements, particularly related to:

- (i) estimating recoverable amounts used in impairment and impairment reversal assessments;
- (ii) estimating the fair value of the Company's investments in securities of corporations that are not publicly traded; and,
- (iii) estimating the weighted average credit-adjusted risk-free discount rate used to discount.

**Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Actual results may differ from such estimates. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Significant estimates and judgments made by management in the preparation of the financial statements are outlined below:

***Going concern***

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**2. BASIS OF PRESENTATION AND GOING CONCERN (continued)**

***Depletion and reserve estimates***

Petroleum and natural gas assets are depleted on a unit of production basis at a rate calculated by reference to the proved and probable reserves incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated using independent engineering reports and techniques and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable and technically feasible. Reserve estimates and data contained within reserve reports, although not reported as part of the Company's financial statements, can have a significant effect on loss and comprehensive loss, assets and liabilities as a result of their impact on depletion and depreciation, decommissioning liabilities, deferred taxes and asset impairments. Independent reservoir engineers perform evaluations of the Company's oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available or as economic conditions change.

***Cash-generating units***

For the purpose of impairment testing, exploration and evaluation assets and petroleum and natural gas assets are aggregated into cash-generating units ("CGUs"). The determination of CGUs requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. The Company has determined that it has one CGU.

***Impairment***

Judgments are required to assess when impairment indicators exist, and impairment testing is required. If such indicators exist, the estimated recoverable amount is calculated. The recoverable amounts of CGUs are based on the higher of their value-in-use and fair value less costs of disposal. These calculations require the use of estimates and assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal in the case of a lack of comparable transactions, based upon discounted after tax cash flows. An impairment loss is recognized in loss and comprehensive loss in the year in which the impairment is recognized.

***Decommissioning costs***

At the end of the operating life of the Company's facilities and properties and upon retirement of its oil and natural gas assets, decommissioning costs will be incurred by the Company. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and discount rates to determine the present value of these cash flows.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Company for all years presented in these financial statements:

**Cash and cash equivalents**

Cash and cash equivalents is comprised of deposits held in Canadian chartered banks.

**Property and equipment**

The Company's property and equipment consist of petroleum and natural gas assets including both oil and natural gas development and production assets.

**Capitalization**

Property and equipment is stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning liability, if any, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received, nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up unless the fair value of the asset received is more clearly evident. The gain or loss on de-recognition of the asset given up is recognized in loss and comprehensive loss in the year of de-recognition.

Expenditures on major maintenance, inspections or overhauls are capitalized when the item enhances the life or performance of an asset above its original standard. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. All other maintenance expenditures are expensed as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in loss and comprehensive loss in the year in which the item is derecognized.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Depletion and depreciation**

The costs related to CGUs for petroleum and natural gas properties, including related pipelines and facilities, are depleted using a unit-of-production method based on proved and probable reserves.

Petroleum and natural gas assets are not depleted until production commences. The depletion calculation takes into account the estimated future development costs required to develop the proved and probable reserves.

Proved and probable reserves are estimated using independent reservoir engineering reports and techniques which represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Natural gas volumes have been converted to barrels of oil equivalent using a ratio of six thousand cubic feet (“mcf”) of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an industry standard energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**Impairment**

The Company’s property and equipment are grouped into CGUs based on separately identifiable and largely independent cash inflows considering geological characteristics, shared infrastructure and exposure to market risks. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent reservoir engineers. Indicators are events or changes in circumstances that suggest the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is determined by reference to the higher of the CGUs value-in-use or fair value less costs of disposal. If the carrying amount of the CGU exceeds the recoverable amount, the CGU is written down to the recoverable amount with an impairment recognized in loss and comprehensive loss.

Impairments of property and equipment are reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been, had no impairment been recognized.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Decommissioning obligations**

The Company's activities give rise to dismantling, decommissioning and reclamation requirements. Costs related to these abandonment activities are estimated by management in consultation with the Company's engineers based on risk-adjusted current costs which take into consideration current technology in accordance with existing legislation and industry practices.

Decommissioning obligations are measured at the present value of the best estimate of expenditures required to settle the obligations at the reporting date. When the fair value of the liability is initially measured, the estimated cost, discounted using a risk-free rate, is capitalized by increasing the carrying amount of the related petroleum and natural gas assets. The increase in the provision due to the passage of time, or accretion, is recognized as a finance expense. Increases and decreases due to revisions in the estimated future cash flows are recorded as adjustments to the carrying amount of the related petroleum and natural gas assets.

Actual costs incurred upon settlement of the liability are charged against the obligation to the extent that the obligation was previously established. The carrying amount capitalized in petroleum and natural gas assets is depleted in accordance with the Company's depletion policy. The Company reviews the obligation at each reporting date and revisions to the estimated timing of cash flows, discount rates and estimated costs will result in an increase or decrease to the obligations. Any difference between the actual costs incurred upon settlement of the obligation and recorded liability is recognized as an increase or reduction in loss and comprehensive loss in the year.

**Financial Instruments**

***Classification and Measurement of Financial Instruments***

The Company's financial assets and financial liabilities are classified into the following categories: Amortized Cost and Fair Value through Profit and Loss ("FVTPL"). The classification of financial assets is determined by their context in FRR's business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification:

***Amortized Cost***

Cash, accounts receivable, accounts payable and accrued liabilities, CEBA loan, promissory notes and due to Tartan are measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

***FVTPL***

Financial derivative contracts are measured initially at FVTPL and are subsequently measured at fair value with changes in fair value immediately charged to loss and comprehensive loss during the year. The Company does not have any financial derivative contracts at this time.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Impairment of Financial Assets***

Impairment of financial assets is determined by measuring the assets' expected credit loss ("ECL"). Accounts receivable are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the accounts receivable. ECL allowances have not been recognized for cash due to the virtual certainty associated with their collection.

The ECL pertaining to accounts receivable is assessed at initial recognition and this provision is re-assessed at each reporting date. ECLs are a probability-weighted estimate of all possible default events related to the financial asset (over the lifetime or within 12 months after the reporting period, as applicable) and are measured as the difference between the present value of the cash flows due to FRR and the cash flows FRR expects to receive, including cash flows expected from collateral and other credit enhancements that are a part of contractual terms. In making an assessment as to whether financial assets are credit-impaired, FRR considers historically realized bad debts, evidence of a debtor's present financial condition and whether a debtor has breached certain contracts, the probability that a debtor will enter bankruptcy or other financial reorganization, changes in economic conditions that correlate to increased levels of default, the number of days a debtor is past due in making a contractual payment, and the term to maturity of the specified receivable. The carrying amounts of financial assets are reduced by the amount of the ECL through an allowance account and losses are recognized in loss and comprehensive loss during the year.

Based on industry experience, FRR considers its accounts receivable to be in default when the receivable is more than 90 days past due. Once the Company has pursued collection activities and it has been determined that the incremental cost of pursuing collection outweighs the benefits, FRR derecognizes the gross carrying amount of the financial asset and the associated allowance from the statement of financial position.

**Fair Value Measurement**

The Company primarily applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value:

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 – Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 – Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

**Share Capital**

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from equity.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Leases**

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and,
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or,
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognizes a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

**Government Grants**

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Grants related to income are presented in the statement of loss and comprehensive loss and are deducted in reporting the related expense. Grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset or recognized as other income.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

Revenue from the sale of petroleum and natural gas is measured based on the consideration specified in contracts with customers. The Company recognizes revenue when it transfers control of the product to the customer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods.

The Company evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. In making this evaluation, management considers if the Company obtains control of the product delivered, which is indicated by the Company having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

The Company sells its production pursuant to variable price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis. The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25<sup>th</sup> day of the month following production.

**Share-based Payments**

Share options granted under the FRR Share Option Plan are classified as equity settled share-based payment awards and the Company follows the fair value method of valuing these awards using the Black-Scholes pricing model. The share-based payments expense for these instruments is determined based on the estimated fair value of these instruments on the date of grant. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeitures. The expense is recognized over the service period, with a corresponding increase to contributed surplus. The Company may capitalize the qualifying portion of share-based payments directly attributable to the development activities of exploration and evaluation assets and petroleum and natural gas assets, with a corresponding decrease to share-based payments expense. At the time the share options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.



**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. The Company follows the asset/liability method for calculating deferred income taxes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**4. FINANCE COSTS**

<b>Year ended March 31</b>	<b>2022</b>	<b>2021</b>
Interest on promissory notes (Note 7)	\$ 125,240	\$ 34,036
Accretion on promissory notes (Note 7)	34,352	5,383
Accretion expense on decommissioning liabilities (Note 10)	96,738	58,947
Accretion expense on due to Tartan (pre-extinguishment – Note 8)	44,598	57,657
Interest expense on due to Tartan (post extinguishment – Note 8)	369,414	-
Accretion on CEBA loan (Note 6)	3,677	3,050
Interest on lease obligation (Note 9)	17,103	20,444
	<b>\$ 691,122</b>	<b>\$ 179,517</b>

**5. PROPERTY AND EQUIPMENT**

**Property and equipment**

	<b>Note</b>	<b>Oil &amp; Gas Properties</b>	<b>Right of Use Assets</b>	<b>Total</b>
<b>As at March 31, 2020</b>		<b>\$ 6,159,943</b>	<b>\$ 446,480</b>	<b>\$ 6,606,423</b>
Additions		3,780,769	-	3,780,769
Acquisitions		1,556,788	-	1,556,788
Change in decommissioning obligations	10	(1,065,705)	-	(1,065,705)
<b>As at March 31, 2021</b>		<b>\$ 10,431,795</b>	<b>\$ 446,480</b>	<b>\$ 10,878,275</b>
Additions		3,537,206	-	3,537,206
Change in decommissioning obligations	10	1,259,566	-	1,259,566
<b>As at March 31, 2022</b>		<b>\$ 15,228,567</b>	<b>\$ 446,480</b>	<b>\$ 15,675,047</b>

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**5. PROPERTY AND EQUIPMENT (continued)**

<b>Accumulated depletion and depreciation</b>			
<b>As at March 31, 2020</b>	<b>\$ (171,371)</b>	<b>\$ (73,394)</b>	<b>\$ (244,765)</b>
<b>Depletion and depreciation expense</b>	<b>(358,500)</b>	<b>(73,394)</b>	<b>(431,894)</b>
<b>As at March 31, 2021</b>	<b>\$ (529,871)</b>	<b>\$ (146,788)</b>	<b>\$ (676,659)</b>
<b>Depletion and depreciation expense</b>	<b>(801,100)</b>	<b>(73,394)</b>	<b>(874,494)</b>
<b>As at March 31, 2022</b>	<b>\$ (1,330,971)</b>	<b>\$ (220,182)</b>	<b>\$ (1,551,153)</b>
<b>Net Book Value</b>			
<b>As at March 31, 2021</b>	<b>\$ 9,901,924</b>	<b>\$ 299,692</b>	<b>\$ 10,201,616</b>
<b>As at March 31, 2022</b>	<b>\$ 13,897,596</b>	<b>\$ 226,298</b>	<b>\$ 14,123,894</b>

At March 31, 2022, \$29.3 million (2021 - \$27.3 million) in future development costs are included in costs subject to depletion.

\$2,600,000 of the additions during 2022 were incurred or paid for by Tartan under a Master Services Agreement and during 2021, \$2,000,000 were incurred by Tartan under a Participation and Royalty Agreement (Note 8).

On April 16, 2020, the Company acquired petroleum and natural gas assets for cash consideration of \$1. The acquisition resulted in an increase in property and equipment of \$1,556,788 and the assumption of \$1,556,788 in decommissioning liabilities.

The Company applied the optional concentration test to the April 16, 2020 acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

**Impairment test of PP&E**

In accordance with IFRS, an impairment test is performed if the Company identifies an indicator of impairment. For the years ended March 31, 2022 and 2021, there were no indicators of impairment.

**6. CEBA LOAN**

During the year ended March 31, 2021, the Company obtained a \$60,000 loan from the Canadian Emergency Business Account (CEBA) program. The loan is non-interest bearing until December 31, 2022. If the loan is repaid by December 31, 2022, up to \$20,000 will be forgiven. During the year, the Company recorded \$3,677 (2021 - \$3,050) of interest expense related to accretion of the loan payable

**7. PROMISSORY NOTES**

On January 31, 2021, the Company completed the first closing of a \$3,000,000 non-brokered private placement of convertible promissory notes (the "Notes"), pursuant to which the Company issued convertible promissory notes in the principal amount of \$1,570,000. Each of the Notes has a maturity date of 24 months and bears an interest rate of 8 percent per annum, paid quarterly. The principal amount of the Notes is convertible into common shares of the Company at the option of the holder at a price of \$3.00 per common share. The net proceeds of the Notes were used to fund the Company's drilling program and for general working capital.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**7. PROMISSORY NOTES (continued)**

The Notes proceeds were bifurcated between the debt and equity components. The fair value of the debt component was estimated using a discounted cash flow model method. The fair value of the debt components issued during 2021 was \$1,498,756 with the residual of \$71,244 allocated to equity. The debt component has been recorded at amortized cost and is being accreted to face value over the expected life using an effective interest rate of 10.5%.

The Company did not pay any finders fees in connection with the Notes. During the year ended March 31, 2022 the Company incurred interest expense of \$159,592 (2021 - \$39,419).

**8. DUE TO TARTAN**

On November 18, 2020, the Company completed a Participation and Royalty Agreement (the "Agreement") for consideration of \$2,000,000. The \$2,000,000 proceeds were deposited with a 3<sup>rd</sup>-Party Trustee, the "Test Well Operations Funds". The Company agreed to perform the drilling, completion, equipping and tie-in operation on two test wells using the proceeds from the Test Well Operations Funds.

On August 5, 2021, the Tartan Participation and Royalty Agreement "PRA" was terminated and a new Master Services Agreement "MSA" was entered into with Tartan. The carrying value of the Participation and Royalty Agreement due to Tartan at August 5, 2021 was \$1,723,958, using a discount rate of 10.5%, which was the estimated rate for a similar loan without an interest-free component.

The Participation and Royalty Agreement amount due to Tartan of \$1,723,958 was extinguished and replaced with a new Master Services Agreement amount due to Tartan measured in accordance with IFRS 9 Financial Instruments that had a fair value of \$2,000,000 using a 15 percent interest rate discounted over a four-year period. The result was a loss of \$276,042 on the extinguishment of the Participation and Royalty Agreement due to Tartan and the issuance of the initial MSA Due to Tartan amount of \$2,000,000. The \$276,042 loss was recorded in other expenses on the statement of loss and comprehensive loss. The Company also incurred \$100,000 in debt restructuring costs that were paid to Tartan. The \$100,000 was recorded in expenses (Tartan debt restructuring cost) on the statement of loss and comprehensive loss.

On August 5, 2021, an additional amount was issued under the Master Services Agreement due to Tartan that was measured in accordance with IFRS 9 Financial Instruments and had a fair value of \$500,000 using an effective interest rate of 15 percent discounted over a four-year period. During the third quarter of 2021, additional amounts were issued under the Master Services Agreement ("MSA") due to Tartan that were measured in accordance with IFRS 9 Financial Instruments and had a fair values of \$1,000,000 and \$1,100,000 using an effective interest rate of 15 percent discounted over a four-year period. The total fair value of consideration received by the Company during the second and third quarters under the MSA was \$4,600,000, less \$100,000 in debt restructuring costs, discounted at 15% over a four-year period. The cash proceeds from the MSA debt issuance were deposited into a trust account and not directly received by the Company. The proceeds were used to fund the costs of drilling, completing, equipping and the tie-in of 4 Nisku oil wells. The due to Tartan amount is current as the Company has not complied with certain non-financial covenants.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**8. DUE TO TARTAN (continued)**

(\$)	March 31, 2022	March 31, 2021
Balance, beginning of year	\$ 1,679,471	\$ -
Original due to Tartan	-	2,000,000
Accretion expense (Note 4)	44,598	57,657
Loss on extinguishment	276,042	
Payment on extinguishment	(2,000,000)	-
New due to Tartan	4,600,000	-
Interest free benefit	-	(378,186)
Interest expense (Note 4)	369,414	
Tartan debt restructuring costs	(100,000)	
Repayments	(671,410)	1,679,471
Balance, end of year	\$ 4,198,115	\$ 1,679,471
Current Portion	(741,000)	-
Long-term portion, end of year	\$ 3,457,115	\$ 1,679,471

**9. LEASE**

(\$)	March 31, 2022	March 31, 2021
<b>Office lease</b>		
<b>Cost</b>		
Balance, beginning of year	\$ 430,780	\$ 466,992
Interest expense	17,103	20,444
Repayments of interest and principal	(108,780)	(56,656)
Balance, end of year	339,103	430,780
<b>Current portion</b>	<b>\$ 95,890</b>	<b>\$ 91,678</b>
<b>Long-term portion</b>	<b>\$ 243,213</b>	<b>\$ 339,102</b>

**10. DECOMMISSIONING LIABILITIES**

The following table reflects the changes in the Company's asset retirement obligation during the years ended March 31, 2022:

	Year ended March 31	
	2022	2021
Obligation, beginning of year	\$ 5,091,449	\$ 4,541,419
Liabilities acquired	1,144,907	1,556,788
Change in estimate	114,658	(1,065,705)
Site rehabilitation program grant	(169,900)	-
Decommissioning expenditures	(27,537)	-
Accretion expense	96,738	58,947
Obligation, end of year	\$ 6,250,315	\$ 5,091,449

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**10. DECOMMISSIONING LIABILITIES (continued)**

Upon retirement of its oil and natural gas assets, the Company anticipates costs associated with decommissioning. Decommissioning liabilities are estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim these wells and facilities and the estimated timing of these costs to be incurred in future periods. FRR has estimated the net present value of decommissioning liabilities to be \$6.3 Million at March 31, 2022 (March 31, 2021 - \$5.1 Million), based on an estimated uninflated and undiscounted liability of \$5.4 Million (March 31, 2021 - \$4.7 Million) and estimated cash flows discounted using an average a risk-free rate of approximately 2.41 percent (March 31, 2021 – 1.90 percent) and an inflation rate of 3.00 percent (March 31, 2021 – 2.0 percent). On March 31, 2022, the Company estimates that these decommissions are expected to be made over the next 26-30 years.

**11. SHARE CAPITAL**

**Authorized**

FRR is authorized to issue an unlimited number of common shares ("Common Shares"), an unlimited number of non-voting shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares, issuable in series. Holders of Common Shares are entitled to one vote per share at meetings of shareholders of FRR, to receive dividends if, as and when declared by the Board of Directors and to receive pro rata the remaining property and assets of FRR upon its dissolution or winding-up, subject to the rights of preferred shares having priority over the Common Shares. The Company has no issued and outstanding non-voting shares or preferred shares. The Company has not proposed or declared any cash dividends.

**Issued and Outstanding**

	Number of share	\$ Amount
Balance as at March 31, 2020	6,284,167	\$ 3,780,100
Issue common shares for cash	200,000	400,000
Share issue costs	-	(7,000)
Balance as at March 31, 2021 and 2022	6,484,167	\$ 4,173,100

During the year ended March 31, 2021, FRR issued 200,000 common shares at \$2.00 per share for gross proceeds of 400,000 and incurred \$7,000 of share issue costs.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, CEBA loan, promissory notes and due to Tartan.

**Fair Value of Financial Instruments**

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, CEBA loan, promissory notes and due to Tartan is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at March 31, 2022 and 2021, the fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, CEBA loan, promissory notes and due to Tartan approximated their carrying value due to either their short term to maturity, or due to market rate of interest used to calculate balances.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Risks associated with Financial Instruments**

***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

On March 31, 2022 and 2021, financial assets are comprised of cash and cash equivalents and accounts receivable and the maximum credit risk associated with these financial instruments is the total carrying amount of these financial assets.

Accounts receivable from petroleum and natural gas marketers are collected on the 25<sup>th</sup> day of each month following production. The Company's policy to mitigate credit risk associated with these balances is to establish relationships with credit-worthy marketers, as well as to carefully assess the extent of credit granted to these parties. However, the receivables are from participants in the petroleum and natural gas sector and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs, and the risk of unsuccessful drilling. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners. The Company continuously monitors its accounts receivable and its allowance for doubtful accounts. As at March 31, 2022 and 2021, there have been no impairment issues as the Company does not anticipate any default by its customers as it transacts with credit-worthy customers and management does not expect any losses from non-performance by these customers. As such, a provision for doubtful accounts has not been recorded on March 31, 2022 or 2021.

The aging analysis of accounts receivables as follows:

	Total	Current	31 – 60 days	61 – 90 days	Greater than 90 days	GST receivable
	\$	\$	\$	\$	\$	\$
<b>As at March 31, 2022</b>	<b>1,429,301</b>	<b>1,353,963</b>	<b>44,188</b>	<b>6,072</b>	<b>25,078</b>	-
As at March 31, 2021	609,978	393,172	13,194	48,507	144,850	10,255

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, through the active management of cash and debt and by maintaining appropriate access to credit and anticipates it will continue to have adequate liquidity to fund its financial liabilities through its future cash flows. The Company prepares annual capital expenditure budgets and forecasts, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects, if any, to further manage capital expenditures.

FRR's financial liabilities on the statement of financial position consist of accounts payable and accrued liabilities, CEBA loan, promissory notes and due to Tartan. Accounts payable and accrued liabilities are considered due within one year.

*Market risk*

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. The valuation of the financial assets and liabilities on the statement of financial position as on March 31, 2022 and 2021 has not been significantly impacted by changes in commodity prices.

*Currency risk*

The Company may be exposed to currency risk in relation to any foreign-denominated working capital balances. From time to time, the Company may enter into agreements to fix the exchange rate of Canadian dollar to foreign currencies in order to offset the risk of fluctuating working capital balances if the Canadian dollar increases or decreases in value compared to the foreign currencies. On March 31, 2022 and 2021, the Company has no working capital balances in foreign-denominated currencies.

*Interest rate risk*

The Company may be exposed to interest rate risk to the extent that changes in market interest rates will impact any bank indebtedness that has a floating interest rate, potentially affecting future cash flows.

*Commodity price risk*

The Company may be exposed to commodity price risk arising from the effect that fluctuations of future commodity prices may have on the fair value or future cash flows of financial assets and liabilities. From time to time, FRR may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, FRR will not benefit from such increases. The Company's policy is to not use derivative financial instruments for speculative purposes.

*Capital management*

The Company's policy is to maintain a strong capital base to preserve investor and creditor confidence and to sustain the future development of the business. The Company considers its capital structure to include shareholders' equity, promissory notes, and working capital. In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, issue debt, adjust its capital spending to manage current and projected debt levels.

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**13. SHARE-BASED COMPENSATION**

**Share Options**

The Company's Board of Directors approved a Share Option Plan pursuant to which the Company may grant share options to certain directors, officers, employees, and consultants of the Company. The share option holder has the right to acquire Common Shares of the Company at the exercise price, established at the time of the grant, after vesting and before expiry. It is Company policy to grant share options with a five-year term and vesting at a rate of one third on each of the first three anniversaries of the date of the grant.

On August 31, 2020, the Company granted 628,000 share options at a weighted average exercise price of \$1.10 per share option at the grant date. The weighted average fair value of each option granted during the year ended March 31, 2021 ranged from of \$0.74 to \$0.65.

**Performance Warrants**

On August 31, 2020 the Company granted 450,000 purchase warrants ("Warrants") entitling the holders to purchase one FRR Common Share at a price of \$1.10 to \$1.50 per share for a period of five years. On August 31, 2020, the Company granted 44,500 purchase warrants ("Warrants") entitling the holders to purchase one FRR Common Share at a price of \$2.10 to \$2.50 per share for a period of five years.

The weighted average fair value of each performance warrant granted during the year ended March 31, 2021, ranged from of \$0.73 to \$0.61.

Both share options and performance warrants were estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions (estimated volatility is based on a peer group of similar companies):

	<b>2022</b>
Risk-free interest rate	2.4%
Expected life (years)	5
Estimated volatility*	100%
Forfeiture rate	0

\*Based on a comparable peer group of companies

The following table summarizes the Company's share-based compensation costs:

Share based compensation (\$)	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Expensed	\$ 266,204	\$ 143,677
Total share-based compensation	<b>\$ 266,204</b>	<b>\$ 143,677</b>



**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**14. INCOME TAXES**

**Effective tax rate**

The effective tax rate differs from the cumulative Canadian federal and provincial income tax rate due to the following:

	<b>March 31, 2022</b>		March 31, 2021	
Loss for the year before taxes	\$	<b>(28,814)</b>	\$	(855,474)
Statutory tax rate		<b>23%</b>		23%
Expected tax recovery		<b>(6,627)</b>		(196,759)
Non-deductible expenses		<b>65,885</b>		34,746
Other		<b>(407)</b>		(4,830)
Change in deferred tax asset not recognized		<b>(58,851)</b>		166,843
	\$	-	\$	-

**Deferred income tax assets and liabilities**

Deferred income tax assets and liabilities have been recognized in respect of the following items

Property and equipment	\$	<b>(1,796,908)</b>	\$	(1,076,139)
Loans		<b>(696)</b>		(90,411)
Non-capital loss		<b>1,503,358</b>		1,166,550
Decommissioning obligation		<b>294,246</b>		-
	\$	-	\$	-

Undeductible temporary differences that have not been recognized in respect of the following items given there is not convincing evidence that future taxable income will enable timely offset:

Lease	\$	<b>339,102</b>	\$	430,780
Non-capital loss		-		57,793
Share issue costs		<b>84,200</b>		5,600
Decommissioning obligation		<b>4,970,988</b>		5,091,449

As at March 31, 2022, the Company has non-capital loss carry forwards which expire as follows:

2038	\$	<b>47</b>
2039	\$	<b>619,356</b>
2040	\$	<b>1,798,684</b>
2041	\$	<b>2,711,664</b>
2042	\$	<b>1,406,590</b>

**Free Rein Resources**  
**Notes to Financial Statements**  
**For the years ended March 31, 2022 and 2021**  
(In Canadian dollars)

**15. CASH FLOW INFORMATION**

	March 31, 2022	March 31, 2021
Accounts receivable	\$ (819,323)	\$ (353,249)
Prepaid expenses	248,092	5,129
Accounts payable and accrued liabilities	(440,130)	1,252,776
Change in non-cash working capital	\$ (1,011,361)	\$ 904,656
These changes relate to the following activities:		
Operating	(21,121)	38,644
Investing	(990,240)	866,012
	\$ (1,011,361)	\$ 904,656

**16. COMMITMENTS**

Future minimum payments relating to variable office rent payments at March 31, 2022 are estimated as follows

	March 31, 2022
Less than 1 year	\$ 239,462
1 – 2 years	239,462
2 – 3 years	239,462
3 – 4 years	19,955
Total commitments	\$ 738,341

**17. RELATED PARTY TRANSACTIONS**

The Company considers its officers to be key management personnel. The following table outlines transactions with key management personnel:

	March 31, 2022	March 31, 2021
Salaries and benefits, gross	\$ 1,001,840	\$ 519,430
Share-based compensation	266,204	143,677
	\$ 1,268,044	\$ 663,107

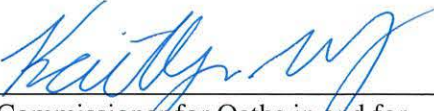
For the year ended March 31, 2022 the Company paid gross overriding royalties of \$251,751 to a company that the Chairman and CEO owns 50 percent of the common shares (\$23,659 for the year ended March 31, 2021).

**18. SUBSEQUENT EVENTS**

Subsequent to the year ended March 31, 2022, the Company secured a term loan facility from Invico Diversified Income Limited Partnership for up to \$10,500,000. On September 21, 2022, the Company drew \$6,100,000 (“Tranche A Advance”) from the term loan facility. \$1,400,000 of the net proceeds received from the Tranche A Advance was used to pay down the principal balance owing on the Tartan loan and the remaining amount was used to fund oil and gas development activities. The Tranche A advance amount must be repaid over three years after the closing date and bears interest at Bank Prime rate plus 8.3 percent.

THIS IS **EXHIBIT "S"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
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## 2022 Third Quarter Interim Financial Statements

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**Free Rein Resources**  
**Interim Statements of Financial Position**

*2022 Third Quarter Interim Financial Statements*

As at		December 31, 2022	March 31, 2022
	<i>Notes</i>		
<b>ASSETS</b>			
Current assets			
Cash		\$ 1,796,751	\$ 183,359
Accounts receivable		1,738,412	1,429,301
Prepaid expenses		223,341	200,212
		3,758,504	1,812,872
Non-current assets			
Property and equipment	4	17,044,631	13,897,598
Right-of-use assets	4	171,252	226,297
<b>Total assets</b>		<b>\$ 20,974,387</b>	<b>\$ 15,936,767</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 5,884,345	\$ 1,746,615
Current portion of long-term debt	7,8	2,535,379	836,890
		8,419,724	2,583,505
Non-current liabilities:			
CEBA loan	5	33,297	33,297
Promissory notes	6	1,504,139	1,504,139
Due to Tartan	7	1,401,040	3,457,115
Invico Term Loan	8	3,871,055	-
Lease obligations	9	145,211	243,213
Decommissioning obligations	10	3,322,142	6,250,315
<b>Total liabilities</b>		<b>\$ 18,696,608</b>	<b>\$ 14,071,584</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	4,173,100	4,173,100
Contributed surplus		684,820	481,126
Deficit		(2,580,141)	(2,789,043)
		2,277,779	1,865,183
<b>Total liabilities and shareholders' equity</b>		<b>\$ 20,974,387</b>	<b>\$ 15,936,767</b>

The accompanying notes are an integral part of these financial statements.

## Free Rein Resources

2022 Third Quarter Interim Financial Statements

## Interim Statements of Income (Loss) and Comprehensive Income (Loss)

	Three months ended December 31		Nine months ended December 31	
	2022	2021	2022	2021
<b>REVENUE</b>				
Oil and natural gas sales	\$ 1,986,117	\$ 1,587,733	\$ 7,697,928	\$ 3,947,325
Crown royalties	(375,414)	(86,896)	(1,349,119)	(189,952)
Other royalties	(131,713)	(173,653)	(493,183)	(293,200)
Revenue, net of royalties	<b>1,478,990</b>	<b>1,327,184</b>	<b>5,855,626</b>	<b>3,464,173</b>
<b>EXPENSES</b>				
Operating	460,217	431,647	1,305,736	1,247,024
Transportation expense	108,593	79,163	315,513	224,831
General and administrative	526,540	497,608	1,471,165	1,269,818
Share-based compensation	67,898	138,390	203,694	271,492
Interest expense	343,224	183,997	728,074	322,814
Transaction costs (Note 8)	-	-	647,649	-
Tartan debt restructuring fee (Note 7)	-	-	-	100,000
Depletion and depreciation (Note 4)	296,749	245,049	851,846	585,546
	<b>1,803,221</b>	<b>1,575,854</b>	<b>5,523,677</b>	<b>4,021,525</b>
Other expenses				
Loss on Tartan Participation & Royalty debt extinguishment (Note7)	-	-	-	276,042
Accretion and finance expenses	40,747	75,173	123,047	176,744
	<b>1,843,968</b>	<b>1,651,027</b>	<b>5,646,724</b>	<b>4,474,311</b>
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (364,978)</b>	<b>\$ (323,843)</b>	<b>\$ 208,902</b>	<b>\$ (1,010,138)</b>

The accompanying notes are an integral part of these financial statements.

**Free Rein Resources**  
**Interim Statements of Changes in Equity**

*2022 Third Quarter Interim Financial Statements*

	Share Capital	Contributed Surplus	Deficit	Total Equity
<b>Balance - March 31, 2021</b>	<b>\$ 4,173,100</b>	<b>\$ 214,921</b>	<b>\$ (2,798,259)</b>	<b>\$ 1,589,762</b>
Contributed surplus	-	271,492	-	271,492
Loss and comprehensive loss for the period	-	-	(1,010,138)	(1,010,138)
<b>Balance – December 31, 2021</b>	<b>\$ 4,173,100</b>	<b>\$ 486,413</b>	<b>\$ (3,808,397)</b>	<b>\$ 851,116</b>
<b>Balance – March 31, 2022</b>	<b>\$ 4,173,100</b>	<b>\$ 481,126</b>	<b>\$ (2,789,043)</b>	<b>\$ 1,865,183</b>
Contributed surplus	-	203,694	-	203,694
Income and comprehensive income for the period	-	-	208,902	208,902
<b>Balance – December 31, 2022</b>	<b>\$ 4,173,100</b>	<b>\$ 684,820</b>	<b>\$ (2,580,141)</b>	<b>\$ 2,277,779</b>

The accompanying notes are an integral part of these financial statements.

**Free Rein Resources**  
**Interim Statements of Cash Flows**

2022 Third Quarter Interim Financial Statements

	Three months ended December 31		Nine months ended December 31	
	2022	2021	2022	2021
<b>OPERATING ACTIVITIES</b>				
Income (loss) and comprehensive income (loss)	\$ (364,978)	\$ (323,843)	\$ 208,902	\$ (1,010,138)
Depletion and depreciation (Note 4)	296,749	245,049	851,846	585,546
Accretion and financing expenses	40,748	75,173	123,047	176,744
Loss on Tartan debt extinguishment (Note 7)	-	-	-	276,042
Share based compensation	67,899	138,390	203,695	271,492
Decommissioning expenditures (Note 10)	(103,727)	-	(103,727)	-
Tartan loan restructuring fee	-	-	-	100,000
Transaction costs (Note 8)	-	-	647,649	-
Funds from operations	(63,309)	134,769	1,931,412	399,686
Changes in non-cash working capital	152,851	293,922	(371,363)	473,316
Net Cash from operating activities	89,542	428,691	1,560,049	873,002
<b>FINANCING ACTIVITIES</b>				
Tartan loan repayments	(186,977)	(101,686)	(1,944,075)	(222,338)
Tartan loan restructuring fee (Note 7)	-	-	-	(100,000)
Lease payments interest and principal	(27,195)	(27,195)	(81,585)	(81,585)
Proceeds from Invico term loan (Note 8)	-	-	5,820,417	-
Invico loan repayments	(389,362)	-	(389,362)	-
Debt issuance transaction costs	-	-	(647,649)	-
Net cash generated (used) from financing activities	(603,534)	(128,881)	2,757,746	(403,923)
<b>INVESTING ACTIVITIES</b>				
Expenditures on oil and natural gas properties	(5,469,481)	36,536	(6,881,255)	(404,830)
Changes in non-cash working capital	3,673,319	(123,689)	4,176,852	(925,783)
Net cash used in investing activities	(1,796,162)	(87,153)	(2,704,403)	(1,330,613)
Net increase in cash	(2,310,154)	212,657	1,613,392	(861,534)
Cash, beginning of period	4,106,905	181,553	183,359	1,255,744
Cash, end of period	\$ 1,796,751	\$ 394,210	\$ 1,796,751	\$ 394,210

The accompanying notes are an integral part of these financial statements.



**1. REPORTING ENTITY**

Free Rein Resources Ltd. (the "Company", "FRR") is engaged in the exploration, development, exploitation and production of oil and natural gas exclusively within western Canada. On November 30, 2018, the Company went through an acquisition of control and purchased an asset in Northern Alberta.

**2. BASIS OF PRESENTATION AND GOING CONCERN**

**Basis of presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in effect on April 1, 2020, on a historical cost basis, except for certain financial instruments. The Company's accounting policies have been applied consistently to all years presented. Amounts included in these financial statements are stated in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

**Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Actual results may differ from such estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Significant estimates and judgments made by management in the preparation of the financial statements are outlined below:

***Going concern***

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future.

**2. BASIS OF PRESENTATION: (continued)**

***Depletion and reserve estimates***

Petroleum and natural gas assets are depleted on a unit of production basis at a rate calculated by reference to the proved and probable reserves determined in accordance with National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated using independent engineering reports and techniques and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Reserve estimates and data contained within reserve reports, although not reported as part of the Company's financial statements, can have a significant effect on loss and comprehensive loss, assets and liabilities as a result of their impact on depletion and depreciation, decommissioning liabilities, deferred taxes, asset impairments and accounting for business combinations. Independent reservoir engineers perform evaluations of the Company's oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available or as economic conditions change.

***Cash-generating units***

For the purpose of impairment testing, exploration and evaluation assets and petroleum and natural gas assets are aggregated into cash-generating units ("CGUs"). The determination of CGUs requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. The Company has determined that it has one CGU.

***Impairment***

Judgments are required to assess when impairment indicators exist, and impairment testing is required. If such indicators exist, the estimated recoverable amount is calculated. The recoverable amounts of CGUs are based on the higher of their value-in-use and fair value less costs of disposal. These calculations require the use of estimates and assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal in the case of a lack of comparable transactions, based upon discounted after tax cash flows. An impairment loss is recognized in loss and comprehensive loss in the period in which the impairment is recognized.

***Decommissioning costs***

At the end of the operating life of the Company's facilities and properties and upon retirement of its oil and natural gas assets, decommissioning costs will be incurred by the Company. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and discount rates to determine the present value of these cash flows.

**2. BASIS OF PRESENTATION: (continued)**

***Income tax***

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. Income taxes are subject to measurement uncertainty. Significant judgment can be involved in the recognition of deferred tax assets.

***Measurement of share-based payments***

Share-based payments recorded pursuant to share-based compensation plans are subject to estimated fair values, forfeiture rates, volatility and the future attainment of performance criteria, if any.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Company for all periods presented in these financial statements:

**Cash**

Cash is comprised of deposits held in Canadian chartered banks.

**Property and Equipment**

The Company's property and equipment consist of petroleum and natural gas assets including both oil and natural gas development and production assets.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Capitalization***

Property and equipment is stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning liability, if any, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. The gain or loss on de-recognition of the asset given up is recognized in loss and comprehensive loss in the period of de-recognition.

Expenditures on major maintenance, inspections or overhauls are capitalized when the item enhances the life or performance of an asset above its original standard. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. All other maintenance expenditures are expensed as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in loss and comprehensive loss in the period in which the item is derecognized.

***Depletion and depreciation***

The costs related to CGUs for petroleum and natural gas properties, including related pipelines and facilities, are depleted using a unit-of-production method based on proved and probable reserves.

Petroleum and natural gas assets are not depleted until production commences. The depletion calculation takes into account the estimated future development costs required to develop the proved and probable reserves.

Proved and probable reserves are estimated using independent reservoir engineering reports, in accordance with Canadian Securities Regulation National Instrument 51-101 and techniques and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Natural gas volumes have been converted to barrels of oil equivalent using a ratio of six thousand cubic feet ("mcf") of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an industry standard energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment*

The Company's property and equipment are grouped into CGUs based on separately identifiable and largely independent cash inflows considering geological characteristics, shared infrastructure and exposure to market risks. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent reservoir engineers. Indicators are events or changes in circumstances that suggest the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is determined by reference to the higher of the CGUs value-in-use or fair value less costs of disposal. If the carrying amount of the CGU exceeds the recoverable amount, the CGU is written down to the recoverable amount with an impairment recognized in loss and comprehensive loss.

Impairments of property and equipment are reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been, had no impairment been recognized.

#### *Decommissioning obligations*

The Company's activities give rise to dismantling, decommissioning and reclamation requirements. Costs related to these abandonment activities are estimated by management in consultation with the Company's engineers based on risk-adjusted current costs which take into consideration current technology in accordance with existing legislation and industry practices.

Decommissioning obligations are measured at the present value of the best estimate of expenditures required to settle the obligations at the reporting date. When the fair value of the liability is initially measured, the estimated cost, discounted using a risk-free rate, is capitalized by increasing the carrying amount of the related petroleum and natural gas assets. The increase in the provision due to the passage of time, or accretion, is recognized as a finance expense. Increases and decreases due to revisions in the estimated future cash flows are recorded as adjustments to the carrying amount of the related petroleum and natural gas assets.

Actual costs incurred upon settlement of the liability are charged against the obligation to the extent that the obligation was previously established. The carrying amount capitalized in petroleum and natural gas assets is depleted in accordance with the Company's depletion policy. The Company reviews the obligation at each reporting date and revisions to the estimated timing of cash flows, discount rates and estimated costs will result in an increase or decrease to the obligations. Any difference between the actual costs incurred upon settlement of the obligation and recorded liability is recognized as an increase or reduction in loss and comprehensive loss in the period.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Instruments

##### *Classification and Measurement of Financial Instruments*

The Company's financial assets and financial liabilities are classified into the following categories: Amortized Cost and Fair Value through Profit and Loss ("FVTPL"). The classification of financial assets is determined by their context in FRR's business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification:

##### *Amortized Cost*

Cash, accounts receivable, accounts payable and accrued liabilities, CEBA loan, promissory notes and due to Tartan are measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

##### *FVTPL*

Financial derivative contracts are measured initially at FVTPL and are subsequently measured at fair value with changes in fair value immediately charged to loss and comprehensive loss during the period. The Company does not have any financial derivative contracts at this time.

##### *Impairment of Financial Assets*

Impairment of financial assets is determined by measuring the assets' expected credit loss ("ECL"). Accounts receivable are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the accounts receivable. ECL allowances have not been recognized for cash due to the virtual certainty associated with their collection.

The ECL pertaining to accounts receivable is assessed at initial recognition and this provision is re-assessed at each reporting date. ECLs are a probability-weighted estimate of all possible default events related to the financial asset (over the lifetime or within 12 months after the reporting period, as applicable) and are measured as the difference between the present value of the cash flows due to FRR and the cash flows FRR expects to receive, including cash flows expected from collateral and other credit enhancements that are a part of contractual terms. In making an assessment as to whether financial assets are credit-impaired, FRR considers historically realized bad debts, evidence of a debtor's present financial condition and whether a debtor has breached certain contracts, the probability that a debtor will enter bankruptcy or other financial reorganization, changes in economic conditions that correlate to increased levels of default, the number of days a debtor is past due in making a contractual payment, and the term to maturity of the specified receivable. The carrying amounts of financial assets are reduced by the amount of the ECL through an allowance account and losses are recognized in loss and comprehensive loss during the period.

Based on industry experience, FRR considers its accounts receivable to be in default when the receivable is more than 90 days past due. Once the Company has pursued collection activities and it has been determined that the incremental cost of pursuing collection outweighs the benefits, FRR derecognizes the gross carrying amount of the financial asset and the associated allowance from the statement of financial position.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Fair Value Measurement**

The Company primarily applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value:

- Level 1 - Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 - Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 - Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

#### **Share Capital**

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from equity.

#### **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and,
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or,
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Leases (continued)**

*i) As a lessee*

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

**Government grants**

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Grants related to income are presented in the statement of loss and comprehensive loss and are deducted in reporting the related expense. Grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset or recognized as other income.

**Revenue Recognition**

Revenue from the sale of petroleum and natural gas is measured based on the consideration specified in contracts with customers. The Company recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods.

The Company evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. In making this evaluation, management considers if the Company obtains control of the product delivered, which is indicated by the Company having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

The Company sells its production pursuant to variable price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis. The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25<sup>th</sup> day of the month following production.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Share-based Payments

Share options granted under the FRR Share Option Plan are classified as equity settled share-based payment awards and the Company follows the fair value method of valuing these awards using the Black-Scholes pricing model. The share-based payments expense for these instruments is determined based on the estimated fair value of these instruments on the date of grant. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeitures. The expense is recognized over the service period, with a corresponding increase to contributed surplus. The Company may capitalize the qualifying portion of share-based payments directly attributable to the development activities of exploration and evaluation assets and petroleum and natural gas assets, with a corresponding decrease to share-based payments expense. At the time the share options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

#### Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. The Company follows the asset/liability method for calculating deferred income taxes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. PROPERTY AND EQUIPMENT

Property and equipment,

	Note	Oil & Gas Properties	Right of Use Assets	Total
<b>Property and equipment,</b>				
<b>As at March 31, 2021</b>		<b>\$ 10,431,795</b>	<b>\$ 446,480</b>	<b>\$ 10,431,795</b>
Additions		3,537,207	-	3,537,207
Change in decommissioning obligations	9	1,259,566	-	1,259,566
<b>As at March 31, 2022</b>		<b>\$ 15,228,568</b>	<b>\$ 446,480</b>	<b>\$ 15,675,048</b>
Additions		6,881,254	-	6,881,254
Change in decommissioning obligations	9	(2,937,420)	-	(2,937,420)
<b>As at December 31, 2022</b>		<b>\$ 19,172,402</b>	<b>\$ 446,480</b>	<b>\$ 19,618,882</b>
<b>Accumulated depletion and depreciation,</b>				
<b>As at March 31, 2021</b>		<b>\$ (529,871)</b>	<b>\$ (146,788)</b>	<b>\$ (676,659)</b>
Depletion and depreciation expense		(801,100)	(73,394)	(874,494)
<b>As at March 31, 2022</b>		<b>\$ (1,330,971)</b>	<b>(220,182)</b>	<b>\$ (1,551,153)</b>
Depletion and depreciation expense		(796,800)	(55,046)	(851,846)
<b>As at December 31, 2022</b>		<b>\$ (2,127,771)</b>	<b>\$ (275,228)</b>	<b>\$ (2,402,999)</b>
<b>Net Book Value</b>				
As at March 31, 2022		13,897,597	226,298	14,523,895
<b>As at December 31, 2022</b>		<b>\$ 17,044,631</b>	<b>\$ 171,252</b>	<b>\$ 17,215,883</b>

5. CEBA LOAN

The Company obtained a \$60,000 loan from the Canadian Emergency Business Account (CEBA) program. Under the terms of the original agreement, the loan was non-interest bearing until December 31, 2022, and if the loan was repaid by December 31, 2022, up to \$20,000 would be forgiving.

During the third quarter the Company received notification from ATB Financial that the repayment deadline for partial loan forgiveness and the interest free period had been extended by one year, from December 31, 2022 to December 31, 2023. Accordingly, under the terms of the amended CEBA program, if the loan is repaid by December 31, 2023, up to \$20,000 will be forgiven.

## **6. PROMISSORY NOTES**

On January 31, 2021, the Company completed the first closing of a \$3,000,000 non-brokered private placement of convertible promissory notes (the "Notes"), pursuant to which the Company issued convertible promissory notes in the principal amount of \$1,570,000. Each of the Notes has a maturity date of 24 months and bears an interest rate of 8 percent per annum, paid quarterly. The principal amount of the Notes is convertible into common shares of the Company at the option of the holder at a price of \$3.00 per common share. The net proceeds of the Notes were used to fund the Company's drilling program and for general working capital.

The Notes proceeds were bifurcated between the debt and equity components. The fair value of the debt component was estimated using a discounted cash flow model method. The fair value of the debt components issued during 2021 was \$1,498,756 with the residual of \$71,244 allocated to equity. The debt component has been recorded at amortized cost and is being accreted to face value over the expected life using an effective interest rate of 10.5%.

As of September 30, 2022, the Company recorded interest of \$93,598.

## **7. DUE TO TARTAN**

On August 5, 2021, the Tartan Participation and Royalty Agreement "PRA" was terminated and a new Master Services Agreement "MSA" was entered into with Tartan. The carrying value of the Participation and Royalty Agreement due to Tartan at August 5, 2021 was \$1,723,958, using a discount rate of 10.5%, which was the estimated rate for a similar loan without an interest-free component.

The Participation and Royalty Agreement amount due to Tartan of \$1,723,958 was extinguished and replaced with a new Master Services Agreement amount due to Tartan measured in accordance with IFRS 9 Financial Instruments that had a fair value of \$2,000,000 using a 15 percent interest rate discounted over a four-year period. The result was a loss of \$276,042 on the extinguishment of the Tartan Participation and Royalty Agreement due to Tartan and the issuance of the initial MSA Due to Tartan amount of \$2,000,000. The \$276,042 loss was recorded in other expenses on the statement of income (loss) and comprehensive income (loss).

The Company also incurred \$100,000 in debt restructuring costs that were paid to Tartan. The \$100,000 was recorded in Expenses (Tartan debt restructuring fee) on the statement of income (loss) and comprehensive income (loss).

On August 5, 2021, an additional amount was issued under the Master Services Agreement due to Tartan that was measured in accordance with IFRS 9 Financial Instruments and had a fair value of \$500,000 using a 15 percent interest rate discounted over a four-year period.

During the third quarter of 2021, additional amounts were issued under the Master Services Agreement due to Tartan that were measured in accordance with IFRS 9 Financial Instruments and had a fair values of \$1,000,000 and \$1,100,000 using a 15 percent interest rate discounted over a four-year period.

The total fair value of consideration received by the Company during the second and third quarters under the MSA was \$4,500,000, discounted at 15% over a four-year period. The cash proceeds from the MSA debt issuance were deposited into a trust account and not directly received by the Company. The proceeds were used to fund the costs of drilling, completing, equipping and the tie-in of 4 Nisku oil wells.

7. DUE TO TARTAN (continued)

	<b>March 31, 2022</b>
<b>Balance at March 31, 2021</b>	\$ 1,679,360
Finance expense	44,598
Extinguishment of participation & royalty due Tartan	(1,723,958)
MSA consideration received	4,600,000
Principal repayments	(401,885)
	<b>\$ 4,198,115</b>
<b>Current portion</b>	<b>(741,000)</b>
<b>Long-term portion at March 31, 2022</b>	<b>\$ 3,457,115</b>

	<b>December 31, 2022</b>
<b>Balance at March 31, 2022</b>	\$ 4,198,115
Principal repayments	(1,944,075)
	<b>\$ 2,254,040</b>
<b>Current portion</b>	<b>(853,000)</b>
<b>Long-term portion at December 31, 2022</b>	<b>\$ 1,401,040</b>

**8. INVICO TERM LOAN**

During the second quarter the Company secured a term loan facility from Invico Diversified Income Limited Partnership for up to \$10,500,000. On September 21, 2022, the Company drew \$6,100,000 (Tranche A Advance) from the term loan facility. The tranche A loan amount must be repaid over three years after closing (Maturity date) and bears interest at Bank Prime rate plus 8.3 percent.

The Company must also pay a Participation Fee to the lender at the earliest of repayment in full of the facility or at the Maturity Date. The Participation Fee is equal to 10 percent of the amount by which the Fair Value of the Borrower's proven producing oil and gas properties as at the fiscal quarter end preceding the Participation Fee Payment Date exceeds the Fair Value of the Borrower's proven producing oil and gas properties as at the fiscal quarter end preceding the Closing Date.

Fair Value is defined as at the respective fiscal quarter end and is computed as the Net Operating Income, multiplied by 4 (to annualize), and then multiplied by 3. Net Operating Income for a period shall be computed as net revenue (oil and natural gas sales, less royalties) less operating and transportation costs.

The Participation Fee shall not exceed the amount that equates the internal rate of return of the net cash advances and cash payments of interest and principal collected under the Facility from the Closing Date to Participation Fee Payment Date, together with the Participation Fee, to 25% (twenty-five percent) per annum.

Repayments of principal outstanding under the Facility are made monthly. Each monthly required principal repayment shall be computed as the sum of:

- (a) the gross principal amount outstanding multiplied by  $1/A$ , where A equals the number of whole or part months remaining to the Maturity Date plus 12 months, representing a 48-month amortization period; and
- (b) on the last day of the second month following each fiscal quarter, 35 percent of positive Free Cash Flow for the respective fiscal quarter. The Lender may in its sole discretion elect to waive any quarterly Free Cash Flow based payment.

Free Cash Flow shall be computed as Earnings Before Interest, Taxes, Depreciation and Amortization and other noncash expenses and income acceptable to the Lender in its sole discretion ("EBITDA"), less the aggregate of: (a) Facility principal and interest payments and (b) non-cash income, and plus the aggregate of: (c) non-cash expenses.

The Lender withheld from the Tranche A Advance an amount that was equal to four (4) months' interest on such advance (the "Default Reserve"). The Default Reserve amount shall be deemed to have been advanced to the Borrower as part of the Facility. The Default Reserve amount shall be held by the Lender as security for the obligation of the Borrower to make payments when due in connection with the Facility.

The Company incurred \$647,649 in transaction costs to close the financing. These costs have been included in the Statement of Income (Loss) and Comprehensive Income (Loss) in the Expense section

<b>Invico Term Loan – Tranche A Advance</b>	
<b>Tranche A Advance</b>	\$ 6,100,000
Less: Default reserve (four months' interest payments)	(279,583)
Less: Principal repayments	(389,362)
	\$ 5,431,055
<b>Current portion of principal amortization</b>	(1,560,000)
<b>Long-term portion at December 31, 2022</b>	\$ 3,871,055

9. LEASE OBLIGATIONS

(\$)	December 31, 2022	March 31, 2022
<b>Office lease</b>		
<b>Cost</b>		
Balance, beginning of period	\$ 339,100	\$ 430,780
Interest expense	10,073	17,103
Repayments of interest and principal	(81,585)	(108,780)
Balance, end of year	267,588	339,100
<b>Current portion</b>	<b>\$ 122,377</b>	<b>\$ 95,890</b>
<b>Long-term portion</b>	<b>\$ 145,211</b>	<b>\$ 243,213</b>

10. DECOMMISSIONING LIABILITIES

The following table reflects the changes in the Company's asset retirement obligation during the nine months ended December 31, 2022 and for the year ended March 31, 2022:

	Nine months ended December 31 2022	Year ended March 31 2022
Obligation, beginning of period	\$ 6,250,315	\$ 5,091,449
Liabilities acquired	-	1,144,907
Change in estimate	(2,937,420)	114,659
SRP government grants received	-	(169,900)
Decommissioning expenditures incurred	(103,727)	(27,538)
Accretion expense	112,974	96,738
Obligation, end of period	\$ 3,322,142	\$ 6,250,315

Upon retirement of its oil and natural gas assets, the Company anticipates costs associated with decommissioning. Decommissioning liabilities are estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim these wells and facilities and the estimated timing of these costs to be incurred in future periods. FRR has estimated the net present value of decommissioning liabilities to be \$3.3 Million as at December 31, 2022 (March 31, 2022 - \$6.3 Million), based on an estimated total future undiscounted liability of \$4.6 Million at December 31, 2022 (March 31, 2022 - \$5.4 Million) and estimated cash flows discounted using an average a risk-free rate of approximately 3.28 percent (March 31, 2022 - 2.41 percent) and an inflation rate of 2.0 percent (March 31, 2022 - 3.0 percent). On December 31, 2022, the Company estimates that these decommissions are expected to be made over the next 26-28 years.

**11. SHARE CAPITAL:**

**Authorized**

FRR is authorized to issue an unlimited number of common shares (“Common Shares”), an unlimited number of non-voting shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares, issuable in series. Holders of Common Shares are entitled to one vote per share at meetings of shareholders of FRR, to receive dividends if, as and when declared by the Board of Directors and to receive pro rata the remaining property and assets of FRR upon its dissolution or winding-up, subject to the rights of preferred shares having priority over the Common Shares. The Company has no issued and outstanding non-voting shares or preferred shares. The Company has not proposed or declared any cash dividends.

**Issued and Outstanding**

	Number of shares	\$ Amount
Balance at March 31, 2022	6,284,167	\$ 4,173,100
Balance at December 31, 2022	6,484,167	\$ 4,173,100

**12. CASHFLOW INFORMATION**

	December 31, 2022	March 31, 2022
Accounts receivable	\$ (309,111)	\$ (819,323)
Prepaid expenses and deposits	(23,129)	248,092
Accounts payable and accrued liabilities	4,137,729	(440,129)
Change in non-cash working capital	\$ 3,805,489	\$ (1,011,360)
These changes relate to the following activities:		
Operating	(371,363)	(21,120)
Investing	4,176,852	(990,240)
	\$ 3,805,489	\$ (1,011,360)

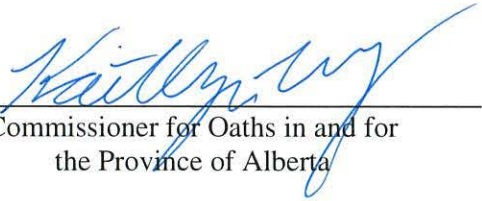
**13. COMMITMENTS**

Future minimum payments relating to variable office rent payments at March 31, 2022 are estimated as follows

	March 31, 2022
Less than 1 year	\$ 239,462
1 – 2 years	239,462
2 – 3 years	239,462
3 – 4 years	19,955
Total commitments	\$ 738,340

THIS IS **EXHIBIT "T"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023

  
\_\_\_\_\_  
Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388



**Alberta Mineral Information**  
**Agreement Detail Report**

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**Parameters**

Mineral Agreement I D: 0040422090019,0040422090018,00122254,0040484030067,001115420,0040492080110,001115421,00137227,00131836,0040421070082,-  
00139143,0040495030519,0040493040127,00125425,0040497020175

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Summary**

Agreement Type	Agreement Number	Status	Term Date	Original Expiry Date	Current Expiry Date	Cancellation Date	Cancellation Reason	Original Area	Current Area
001 PETROLEUM AND NATURAL GAS LEASE	22254	ACTIVE	1970/07/15	1980/07/15	INDEFINITE			1,024.0000	1,024.0000
001 PETROLEUM AND NATURAL GAS LEASE	25425	ACTIVE	1971/07/27	1981/07/27	INDEFINITE			256.0000	256.0000
001 PETROLEUM AND NATURAL GAS LEASE	31836	ACTIVE	1973/06/23	1983/06/23	INDEFINITE			64.0000	64.0000
001 PETROLEUM AND NATURAL GAS LEASE	37227	ACTIVE	1974/11/06	1984/11/06	INDEFINITE			64.0000	64.0000
001 PETROLEUM AND NATURAL GAS LEASE	39143	ACTIVE	1975/06/11	1985/06/11	INDEFINITE			64.0000	64.0000
001 PETROLEUM AND NATURAL GAS LEASE	115420	ACTIVE	1959/03/23	1980/03/23	INDEFINITE			64.0000	64.0000
001 PETROLEUM AND NATURAL GAS LEASE	115421	ACTIVE	1959/03/23	1980/03/23	INDEFINITE			64.0000	64.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0421070082	ACTIVE	2021/07/22	2026/07/22	2026/07/22			160.0000	160.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0422090018	ACTIVE	2022/09/08	2027/09/08	2027/09/08			64.0000	64.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0422090019	ACTIVE	2022/09/08	2027/09/08	2027/09/08			192.0000	192.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0484030067	ACTIVE	1984/03/08	1989/03/08	INDEFINITE			64.0000	64.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0492080110	ACTIVE	1992/08/06	1997/08/06	INDEFINITE			64.0000	64.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0493040127	ACTIVE	1993/04/01	1998/04/01	INDEFINITE			93.2000	93.2000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0495030519	ACTIVE	1995/03/16	2000/03/16	INDEFINITE			64.0000	64.0000
004 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE	0497020175	ACTIVE	1997/02/06	2002/02/06	INDEFINITE			33.2800	33.2800
Total Number of Agreements: 15						Totals:		2,334.4800	2,334.4800

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

### Agreement Report Detail

**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

#### Current Status

Status:	ACTIVE	Status Effective Date:	2021/10/26
Term Date:	1970/07/15	Term:	10 Years 0 Months 0 Days
Original Expiry Date:	1980/07/15	Current Expiry Date:	INDEFINITE
Continuation Date:	1980/07/15		
Original Area(Ha):	1,024.0000	Current Area(Ha):	1,024.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	123	Encumbrance Count:	6
Offset Compensation:	No	Last Update Date:	2021/10/26

#### Term Adjustments

Term Adjustment Type	Adjustment Date	Adjustment Term	Current Expiry	Renewal Count	Section of Act/Regs
EXTENSION OF CONTINUATION ETC.	2020/08/16	1 Year(s), 0 Month(s), 0 Day(s)	2021/08/16	0	18(6)

#### Designated Representative

Client ID	Client Name/Address	Corporate Status
0002151	IMPERIAL OIL RESOURCES LIMITED LAND DEPARTMENT 505 QUARRY PARK BLVD SE PO BOX 2480 STN M CALGARY AB T2P 3M9	ACTIVE

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

**Current Participant(s)**

Last Transfer Date: 2020/06/30 Transfer Pending: No

<b>Client ID</b>	<b>Client Name</b>	<b>Corporate Status</b>	<b>Interest</b>
0002151	IMPERIAL OIL RESOURCES LIMITED	ACTIVE	50.0000000
8029571	FREE REIN RESOURCES LTD.	ACTIVE	50.0000000
			Total Interest: 100.0000000

**Rental Information**

Required Rental Amount:	\$3,584.00	Current Rental Amount:	\$3,584.00
Rental Paid To Date:	2023/07/15		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

4-27-051: 22;23;26;27

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN DRRZD 00065  
KEY WELL: 00/07-17-056-21W4/00  
INTERVAL: 3,167.00 - 4,322.00 Feet  
LOG TYPE: FORMATION DENSITY

Continued To: INDEFINITE Section of Act/Regulation: 15

Agreement Detail Report

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

Well Events Data

Well Event ID	Delimiter	Well Event Status	Offset
100 03 22 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED	
100 09 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 09 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
103 09 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
104 09 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
104 09 22 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
100 11 22 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED	
100 15 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 16 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 16 22 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS ABANDONED	
102 16 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
103 16 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
103 16 22 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
104 16 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 16 22 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 02 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL FLOWING	
100 03 23 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED	
100 05 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 06 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL PUMPING	
102 06 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
103 06 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 07 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 07 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL PUMPING	
100 09 23 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED STORAGE	
102 09 23 051 27W4 00	LOCATED ON AGREEMENT (0)	UNDEFINED	
103 09 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL PUMPING	
100 10 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 10 23 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS FLOWING	
102 10 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
102 10 23 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
102 10 23 051 27W4 03	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	

# Alberta Mineral Information

Created On: 2023/06/15 8:21:19 AM

## Agreement Detail Report

Energy External Search

Request No.: R4561928

AMI100012

**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

Well Event ID	Delimiter	Well Event Status	Offset
102 10 23 051 27W4 04	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
102 10 23 051 27W4 05	LOCATED ON AGREEMENT (0)	COMMINGLED	
1C2 10 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED INJECTION	
102 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	WATER INJECTION	
103 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED	
104 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
106 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
107 11 23 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED & RE-ENTERED STORAGE	
107 11 23 051 27W4 02	LOCATED ON AGREEMENT (0)	DRILLING & CASED	
100 12 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
100 12 23 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
102 12 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
103 12 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
104 12 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 12 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED STORAGE	
102 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	WATER INJECTION	
103 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
104 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
107 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
108 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
109 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED	
1C0 13 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
102 14 23 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
103 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
104 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
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AMI100012

**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

Well Event ID	Delimiter	Well Event Status	Offset
106 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
107 14 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 15 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 16 23 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 01 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 03 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED & WHIPSTOCKED	
100 03 26 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
102 03 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
102 03 26 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS Test Completed	
102 03 26 051 27W4 03	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
102 03 26 051 27W4 04	LOCATED ON AGREEMENT (0)	GAS Test Completed	
103 03 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
103 03 26 051 27W4 03	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
100 04 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 04 26 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
102 04 26 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
102 04 26 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
103 04 26 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED STORAGE	
104 04 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
1C0 04 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 05 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL PUMPING	
1B0 05 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 06 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL FLOWING	
100 06 26 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS FLOWING	
1B0 08 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 11 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 12 26 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 16 26 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED	
100 01 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 01 27 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE	
102 01 27 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS ABANDONED	
103 01 27 051 27W4 00	LOCATED ON AGREEMENT (0)	WATER SUSPENDED INJECTION	

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

Well Event ID	Delimiter	Well Event Status	Offset
104 01 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 01 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 02 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 02 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
102 02 27 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
103 02 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
104 02 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 02 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 07 27 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED INJECTION	
102 07 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
102 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	LIQUIFIED PETROLEUM GAS ABANDONED STORAGE	
103 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED STORAGE	
104 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
105 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
106 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
107 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
108 08 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 09 27 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED STORAGE	
102 09 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
102 09 27 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS FLOWING	
1D0 09 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
1D0 09 27 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE	
100 10 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
100 11 27 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 11 27 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
100 11 27 051 27W4 03	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE	
100 11 27 051 27W4 04	LOCATED ON AGREEMENT (0)	WATER DISPOSAL	

Total: 123



# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

### Unit Agreements

Unit Agreement ID	Unit Name	Production Entity Id	Status	Effective Date	Execution Date	Termination Date
089 GS1482	GOLDEN SPIKE LEDUC GAS STORAGE UNIT	ABUN05777	ACTIVE	2021/07/01	2021/06/15	

Total Hectares:  
0.0000

### Related Agreements / Amendments

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1983/01/01	CONTINUATION - AMENDMENT		0.0000				
1970/07/15	ORIGINATING DISP - CONVERSION (LSAS)	001 78626	0.0000				

Total: 2

### Encumbrance Data

Encumbrance ID	Encumbrance Type	Status	Registration Date	Partial Discharge Type
2300552	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/02/28	
2300572	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/03/03	
2300632	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/03/16	
2300631	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/03/16	
2300633	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/03/16	
2300980	SECURITY NOTICE	ACTIVE	2023/06/09	

Total Number of Records: 6

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

### Encumbrance Details

Registration Type/Number: PPCL 2300552 PROMPT PAYMENT AND CONSTRUCTION LIEN

#### Land Key(s):

4-27-051: 22; 23; 26; 27

### Lienholder(s)

DOE Client ID	Name
1007829	CWC ENERGY SERVICES CORP.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
1024498	BURRON LAW 20 WINDHORSE BAY CALGARY AB T3Z 0B4

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: PPCL 2300572 PROMPT PAYMENT AND CONSTRUCTION LIEN

Land Key(s):

4-27-051: 26

### Lienholder(s)

DOE Client ID	Name
1022184	CODECO-VANOCO ENGINEERING INC.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
8000317	FIELD LLP 444 7 AVE SW SUITE 400 CALGARY AB T2P 0X8

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: PPCL 2300632 PROMPT PAYMENT AND CONSTRUCTION LIEN

### Land Key(s):

4-27-051: 26

### Lienholder(s)

DOE Client ID	Name
1022184	CODECO-VANOCO ENGINEERING INC.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
8000317	FIELD LLP 444 7 AVE SW SUITE 400 CALGARY AB T2P 0X8

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: PPCL 2300631 PROMPT PAYMENT AND CONSTRUCTION LIEN

Land Key(s):

4-27-051: 23

### Lienholder(s)

DOE Client ID	Name
1022184	CODECO-VANOCO ENGINEERING INC.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
8000317	FIELD LLP 444 7 AVE SW SUITE 400 CALGARY AB T2P 0X8

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: PPCL 2300633 PROMPT PAYMENT AND CONSTRUCTION LIEN

Land Key(s):

4-27-051: 23

### Lienholder(s)

DOE Client ID	Name
1022184	CODECO-VANOCO ENGINEERING INC.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
8000317	FIELD LLP 444 7 AVE SW SUITE 400 CALGARY AB T2P 0X8

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: SN 2300980 SECURITY NOTICE

### Interest Of

DOE Client ID	Name
8029571	FREE REIN RESOURCES LTD.

### Secured Party

DOE Client ID	Name
1030880	INVICO DIVERSIFIED INCOME MANAGING GP INC.

### Address For Service

DOE Client ID	Name
1030880	INVICO DIVERSIFIED INCOME MANAGING GP INC. 209 8 AVE SW, SUITE 600 CALGARY AB T2P 1B8

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 22254 PETROLEUM AND NATURAL GAS LEASE**

**Disclaimer**

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End of Agreement



# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 25425 PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1971/07/27
Term Date:	1971/07/27	Term:	10 Years 0 Months 0 Days
Original Expiry Date:	1981/07/27	Current Expiry Date:	INDEFINITE
Continuation Date:	1981/07/27		
Original Area(Ha):	256.0000	Current Area(Ha):	256.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	3	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2021/01/15

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2021/01/14    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	60.0000000
1005481	PETRUS RESOURCES CORP.	ACTIVE	40.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 25425 PETROLEUM AND NATURAL GAS LEASE**

### Rental Information

Required Rental Amount:	\$896.00	Current Rental Amount:	\$896.00
Rental Paid To Date:	2023/07/27	Monthly Invoice:	Yes
Default Notice Issued:			

### Land/Rights Description

Land Description:  
5-02-051:

4

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE MANNVILLE GRP  
 AS DESIGNATED IN DRRZD 00004  
 KEY WELL: 00/06-16-041-08W4/00  
 INTERVAL: 2,557.00 - 2,985.00 Feet  
 LOG TYPE: INDUCTION ELECTRICAL

Continued To: INDEFINITE Section of Act/Regulation: 15

### Well Events Data

Well Event ID	Delimiter	Well Event Status	Offset
100 04 04 051 02W5 00	LOCATED ON AGREEMENT (0)	GAS FLOWING	
100 07 04 051 02W5 00	LOCATED ON AGREEMENT (0)	ABANDONED	
102 07 04 051 02W5 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED	

Total: 3

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 25425 PETROLEUM AND NATURAL GAS LEASE

### Related Agreements / Amendments

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1983/01/01	CONTINUATION - AMENDMENT		0.0000				
Total: 1							

### Origin Data

Creation Date:	1971/07/27	Original Expiry Date:	1981/07/27
Sale Or O/C Date:	1971/07/20	Original Area:	256.0000
Acquisition Origin:	CROWN RESERVE LEASE / RESERVATION SALE	Payment Amount:	\$9,612.00
Security Deposit:			
Order in Council:			
Issuance Fee:	\$0.00		

### Disclaimer

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1973/06/23
Term Date:	1973/06/23	Term:	10 Years 0 Months 0 Days
Original Expiry Date:	1983/06/23	Current Expiry Date:	INDEFINITE
Continuation Date:	1983/06/23		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	2	Encumbrance Count:	3
Offset Compensation:	No	Last Update Date:	2017/03/17

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8009884	PRAIRIE PROVIDENT RESOURCES CANADA LTD. 640 5 AVE SW SUITE 1100 CALGARY AB T2P 3G4	ACTIVE

### Current Participant(s)

Last Transfer Date: 2000/05/08    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8009884	PRAIRIE PROVIDENT RESOURCES CANADA LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2023/06/23		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

Tract Number: 01  
4-27-051: 34L3,L6

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN DRRZD 00065  
KEY WELL: 00/07-17-056-21W4/00  
INTERVAL: 3,167.00 - 4,322.00 Feet  
LOG TYPE: FORMATION DENSITY

Continued To: INDEFINITE Section of Act/Regulation: 15

Tract Number: 02  
4-27-051: 34L4,L5

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN DRRZD 00004  
KEY WELL: 00/06-16-041-08W4/00  
INTERVAL: 2,557.00 - 2,985.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

Continued To: INDEFINITE Section of Act/Regulation: 15

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE**

### Well Events Data

Well Event ID	Delimiter	Well Event Status	Offset
100 03 34 051 27W4 00	LOCATED ON AGREEMENT (0)	WATER SUSPENDED DISPOSAL	
100 06 34 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
			Total: 2

### Related Agreements / Amendments

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
2001/11/29	CONTINUATION - AMENDMENT		0.0000				
1992/10/01	CONTINUATION - AMENDMENT		0.0000				
1983/06/23	PRIMARY CONTINUATION		0.0000				
1973/06/23	ORIGINATING DISP - CONVERSION (LSAS)	001 90528	0.0000				
Total: 4							

### Encumbrance Data

Encumbrance ID	Encumbrance Type	Status	Registration Date	Partial Discharge Type
000631FT	FINANCIAL TRANSACTIONS	ACTIVE	1981/06/01	
8404945	SECURITY NOTICE	ACTIVE	1984/07/05	
9507865	SECURITY NOTICE	ACTIVE	1995/09/11	
Total Number of Records: 3				

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE**

**Encumbrance Details**

**Registration Type/Number: FT 000631FT FINANCIAL TRANSACTIONS**

**Interest Of**

<b>DOE Client ID</b>	<b>Name</b>
	CLUAIN INVESTMENTS LIMITED

**Secured Party**

<b>DOE Client ID</b>	<b>Name</b>
	TORONTO-DOMINION BANK, C/O MACLEOD DIXON

**Address For Service**

<b>DOE Client ID</b>	<b>Name</b>
	MACLEOD DIXON BARRISTERS & SOLICITORS 1500 HOME OIL TOWER 324 - 8 AVE SW CALGARY ALBERTA CANADA T2P 2Z2

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE**

**Encumbrance Amendments**

<b>Old Registration Number</b>	<b>New Registration Number</b>	<b>Amendment Date</b>	<b>Amendment Type</b>	<b>Partial Discharge Type</b>
FT000631FT	ORDER1503274	2015/11/09	COURT ORDER	
				Total Line Items: 1

**Land/Rights Description**

Land Description:

Agreement Number: 001 31836  
4-27-051: 34L3,L6

PETROLEUM AND NATURAL GAS  
TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN D00065  
INTERVAL: 3167.00 - 4322.00 FEET  
KEY WELL: 00/07-17-056-21W4/00  
LOG TYPE: FORMATION DENSITY

Agreement Number: 001 31836  
4-27-051: 34L4,L5

PETROLEUM AND NATURAL GAS  
TO THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN D00004  
INTERVAL: 2557.00 - 2985.00 FEET  
KEY WELL: 00/06-16-041-08W4/00  
LOG TYPE: INDUCTION ELECTRICAL



# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: SN 8404945 SECURITY NOTICE

### Interest Of

DOE Client ID	Name
	WESGEO RESOURCES LTD.

### Secured Party

DOE Client ID	Name
	CLUAIN INVESTMENTS LTD.

### Address For Service

DOE Client ID	Name
	CLUAIN INVESTMENTS LTD. 300, 1040 - 7 AVE SW CALGARY ALBERTA CANADA T2P 3G9

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: SN 9507865 SECURITY NOTICE

### Interest Of

DOE Client ID	Name
	PENGROWTH GAS CORPORATION

### Secured Party

DOE Client ID	Name
	MONTREAL TRUST COMPANY OF CANADA

### Address For Service

DOE Client ID	Name
	MONTREAL TRUST COMPANY OF CANADA 6TH FLOOR, WESTERN GAS TOWER 530 8 AVE SW CALGARY ALBERTA CANADA T2P 3S8

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 31836 PETROLEUM AND NATURAL GAS LEASE**

**Remark(s)**

<b>Remark Type ID</b>	<b>Remark Code</b>	<b>Remark Text</b>	<b>Remark Classification</b>	<b>Due Date</b>
087	PARTIAL DISCHARGE	PARTIAL DISCHARGE BY REGISTRATION NUMBER: 0701096;	General	
Total Number of Remarks: 1				

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1974/11/06
Term Date:	1974/11/06	Term:	10 Years 0 Months 0 Days
Original Expiry Date:	1984/11/06	Current Expiry Date:	INDEFINITE
Continuation Date:	1984/11/06		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	5	Encumbrance Count:	3
Offset Compensation:	No	Last Update Date:	2017/03/17

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8009884	PRAIRIE PROVIDENT RESOURCES CANADA LTD. 640 5 AVE SW SUITE 1100 CALGARY AB T2P 3G4	ACTIVE

### Current Participant(s)

Last Transfer Date: 2000/05/08    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8009884	PRAIRIE PROVIDENT RESOURCES CANADA LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE**

### Rental Information

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2023/11/06	Monthly Invoice:	Yes
Default Notice Issued:			

### Land/Rights Description

Land Description:  
4-27-051:

34NE

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE LEDUC FM  
 AS DESIGNATED IN DRRZD 00065  
 KEY WELL: 00/07-17-056-21W4/00  
 INTERVAL: 3,167.00 - 4,322.00 Feet  
 LOG TYPE: FORMATION DENSITY

Continued To: INDEFINITE Section of Act/Regulation: 15

### Well Events Data

Well Event ID	Delimiter	Well Event Status	Offset
100 09 34 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
100 10 34 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
102 10 34 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
100 15 34 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 15 34 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
			Total: 5

**Alberta Mineral Information  
Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE**

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
2001/11/29	CONTINUATION - AMENDMENT		0.0000				
1984/11/06	PRIMARY CONTINUATION		0.0000				
1974/11/06	ORIGINATING DISP - CONVERSION (LSAS)	001 98113	0.0000				
Total: 3							

**Encumbrance Data**

Encumbrance ID	Encumbrance Type	Status	Registration Date	Partial Discharge Type
000631FT	FINANCIAL TRANSACTIONS	ACTIVE	1981/06/01	
8404946	SECURITY NOTICE	ACTIVE	1984/07/05	
9507865	SECURITY NOTICE	ACTIVE	1995/09/11	
Total Number of Records: 3				

**Encumbrance Details**

**Registration Type/Number: FT 000631FT FINANCIAL TRANSACTIONS**

**Interest Of**

DOE Client ID	Name
	CLUAIN INVESTMENTS LIMITED

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE

### Secured Party

DOE Client ID	Name
	TORONTO-DOMINION BANK, C/O MACLEOD DIXON

### Address For Service

DOE Client ID	Name
	MACLEOD DIXON BARRISTERS & SOLICITORS 1500 HOME OIL TOWER 324 - 8 AVE SW CALGARY ALBERTA CANADA T2P 2Z2

### Encumbrance Amendments

Old Registration Number	New Registration Number	Amendment Date	Amendment Type	Partial Discharge Type
FT000631FT	ORDER1503274	2015/11/09	COURT ORDER	
				Total Line Items: 1

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE**

**Land/Rights Description**

Land Description:

Agreement Number: 001 37227  
4-27-051: 34NE

PETROLEUM AND NATURAL GAS  
TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN D00065  
INTERVAL: 3167.00 - 4322.00 FEET  
KEY WELL: 00/07-17-056-21W4/00  
LOG TYPE: FORMATION DENSITY



# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: SN 8404946 SECURITY NOTICE

### Interest Of

DOE Client ID	Name
	WESGEO RESOURCES LTD.

### Secured Party

DOE Client ID	Name
	CLUJAIN INVESTMENTS LTD.

### Address For Service

DOE Client ID	Name
	CLUJAIN INVESTMENTS LTD. 300, 1040 - 7 AVE SW CALGARY ALBERTA CANADA T2P 3G9

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: SN 9507865 SECURITY NOTICE

### Interest Of

DOE Client ID	Name
	PENGROWTH GAS CORPORATION

### Secured Party

DOE Client ID	Name
	MONTREAL TRUST COMPANY OF CANADA

### Address For Service

DOE Client ID	Name
	MONTREAL TRUST COMPANY OF CANADA 6TH FLOOR, WESTERN GAS TOWER 530 8 AVE SW CALGARY ALBERTA CANADA T2P 3S8

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 37227 PETROLEUM AND NATURAL GAS LEASE**

**Remark(s)**

<b>Remark Type ID</b>	<b>Remark Code</b>	<b>Remark Text</b>	<b>Remark Classification</b>	<b>Due Date</b>
087	PARTIAL DISCHARGE	PARTIAL DISCHARGE BY REGISTRATION NUMBER: 0701096;	General	
Total Number of Remarks: 1				

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 39143 PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1975/06/11
Term Date:	1975/06/11	Term:	10 Years 0 Months 0 Days
Original Expiry Date:	1985/06/11	Current Expiry Date:	INDEFINITE
Continuation Date:	1985/06/11		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	2	Encumbrance Count:	2
Offset Compensation:	No	Last Update Date:	2016/09/19

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8012211	CANADIAN NATURAL RESOURCES LIMITED 855 2 ST SW SUITE 2100 CALGARY AB T2P 4J8	ACTIVE

### Current Participant(s)

Last Transfer Date: 2016/09/12    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8012211	CANADIAN NATURAL RESOURCES LIMITED	ACTIVE	50.0000000
1023577	MAGA ENERGY LTD.	ACTIVE	50.0000000
Total Interest:			100.0000000

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 001 39143 PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2023/06/11		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:  
4-27-051:

35NW

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN DRRZD 00004  
KEY WELL: 00/06-16-041-08W4/00  
INTERVAL: 2,557.00 - 2,985.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

Continued To: INDEFINITE Section of Act/Regulation: 15

**Well Events Data**

Well Event ID	Delimiter	Well Event Status	Offset
100 12 35 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE INJECTION	
100 12 35 051 27W4 02	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE	
			Total: 2

**Alberta Mineral Information  
Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 001 39143 PETROLEUM AND NATURAL GAS LEASE**

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1994/12/31	CONTINUATION - AMENDMENT		0.0000				
1985/06/11	PRIMARY CONTINUATION		0.0000				
1975/06/11	ORIGINATING DISP - CONVERSION (LSAS)	001 101034	0.0000				
Total: 3							

**Encumbrance Data**

Encumbrance ID	Encumbrance Type	Status	Registration Date	Partial Discharge Type
007411RB	BANK SECURITY	ACTIVE	1973/07/19	
8806974J	SECURITY NOTICE	ACTIVE	1988/11/15	
Total Number of Records: 2				

**Encumbrance Details**

**Registration Type/Number: RB 007411RB BANK SECURITY**

**Interest Of**

DOE Client ID	Name
	TRANS-CANADA RESOURCES LIMITED

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
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Request No.: R4561928  
AMI100012

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Agreement Type/Number: 001 39143 PETROLEUM AND NATURAL GAS LEASE

### Secured Party

DOE Client ID	Name
	ROYAL BANK OF CANADA, THE

### Address For Service

DOE Client ID	Name
	THE ROYAL BANK OF CANADA 339 - 8 AVE SW CALGARY ALBERTA CANADA T2P 1C4

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 39143 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: SN 8806974J SECURITY NOTICE

### Interest Of

DOE Client ID	Name
	TANGRAM RESOURCES LTD.

### Secured Party

DOE Client ID	Name
	CANADA TRUSTCO MORTGAGE COMPANY

### Address For Service

DOE Client ID	Name
	CANADA TRUSTCO MORTGAGE COMPANY CORPORATE LENDING DEPARTMENT 10TH FLOOR 505 THIRD STREET S.W. CALGARY ALBERTA T2P 3E6



**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
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AMI100012

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**Agreement Type/Number: 001 39143 PETROLEUM AND NATURAL GAS LEASE**

**Disclaimer**

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1959/03/23
Term Date:	1959/03/23	Term:	21 Years 0 Months 0 Days
Original Expiry Date:	1980/03/23	Current Expiry Date:	INDEFINITE
Continuation Date:	1980/03/23		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	12	Encumbrance Count:	3
Offset Compensation:	No	Last Update Date:	2022/06/30

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2022/06/29    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2024/03/23		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

Tract Number: 01  
4-27-051: 24L12,L13

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN DRRZD 00065  
KEY WELL: 00/07-17-056-21W4/00  
INTERVAL: 3,167.00 - 4,322.00 Feet  
LOG TYPE: FORMATION DENSITY

Continued To: INDEFINITE Section of Act/Regulation: 15

Tract Number: 02  
4-27-051: 24L11,L14

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE WABAMUN GRP  
AS DESIGNATED IN DRRZD 00277  
KEY WELL: 00/03-10-063-26W5/00  
INTERVAL: 10,452.00 - 11,198.00 Feet  
LOG TYPE: BOREHOLE COMPENSATED SONIC

Continued To: INDEFINITE Section of Act/Regulation: 15

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE**

**Well Events Data**

Well Event ID	Delimiter	Well Event Status	Offset
100 12 24 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED & WHIPSTOCKED	
100 12 24 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL SUSPENDED	
100 12 24 051 27W4 03	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 12 24 051 27W4 04	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 12 24 051 27W4 05	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE	
103 12 24 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED & WHIPSTOCKED	
103 12 24 051 27W4 03	LOCATED ON AGREEMENT (0)	DRAIN	
103 12 24 051 27W4 04	LOCATED ON AGREEMENT (0)	DRAIN	
103 12 24 051 27W4 05	LOCATED ON AGREEMENT (0)	CRUDE OIL PUMPING	
100 13 24 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 13 24 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
100 13 24 051 27W4 03	LOCATED ON AGREEMENT (0)	ABANDONED	

Total: 12

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1986/06/10	CONTINUATION - AMENDMENT		0.0000				
1986/06/10	AMENDMENT - BACKDATED APPENDIX		32.0000				
1983/01/01	CONTINUATION - AMENDMENT		0.0000				
1959/03/23	ORIGINATING DISP - CONVERSION (LSAS)	046 439	0.0000				

Total: 4

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE**

**Encumbrance Data**

<b>Encumbrance ID</b>	<b>Encumbrance Type</b>	<b>Status</b>	<b>Registration Date</b>	<b>Partial Discharge Type</b>
2300551	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/02/28	
2300634	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/03/16	
2300650	PROMPT PAYMENT AND CONSTRUCTION LIEN	ACTIVE	2023/03/21	

Total Number of Records: 3

**Encumbrance Details**

**Registration Type/Number: PPCL 2300551 PROMPT PAYMENT AND CONSTRUCTION LIEN**

**Land Key(s):**

4-27-051: 24L12,L13  
4-27-051: 24L11,L14

**Lienholder(s)**

<b>DOE Client ID</b>	<b>Name</b>
1007829	CWC ENERGY SERVICES CORP.

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
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Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE**

**Party To**

<b>DOE Client ID</b>	<b>Name</b>	<b>Status</b>
8029571	FREE REIN RESOURCES LTD.	ACTIVE

**Address For Service**

<b>DOE Client ID</b>	<b>Name</b>
1024498	BURRON LAW 20 WINDHORSE BAY CALGARY AB T3Z 0B4

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: PPCL 2300634 PROMPT PAYMENT AND CONSTRUCTION LIEN

### Land Key(s):

4-27-051: 24L12

### Lienholder(s)

DOE Client ID	Name
1022184	CODECO-VANOCO ENGINEERING INC.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
8000317	FIELD LLP 444 7 AVE SW SUITE 400 CALGARY AB T2P 0X8

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE

Registration Type/Number: PPCL 2300650 PROMPT PAYMENT AND CONSTRUCTION LIEN

### Land Key(s):

4-27-051: 24L12,L13  
4-27-051: 24L11,L14

### Lienholder(s)

DOE Client ID	Name
1015883	STEP ENERGY SERVICES LTD.

### Party To

DOE Client ID	Name	Status
8029571	FREE REIN RESOURCES LTD.	ACTIVE

### Address For Service

DOE Client ID	Name
1006210	PEACOCK LINDER HALT & MACK LLP 400 3 AVE SW SUITE 4050 CALGARY AB T2P 4H2



**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 115420 PETROLEUM AND NATURAL GAS LEASE**

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 115421 PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1959/03/23
Term Date:	1959/03/23	Term:	21 Years 0 Months 0 Days
Original Expiry Date:	1980/03/23	Current Expiry Date:	INDEFINITE
Continuation Date:	1980/03/23		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	4	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2022/06/30

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2022/06/29    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 001 115421 PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2024/03/23		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

Tract Number: 01  
4-27-051: 24L5

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN DRRZD 00065  
KEY WELL: 00/07-17-056-21W4/00  
INTERVAL: 3,167.00 - 4,322.00 Feet  
LOG TYPE: FORMATION DENSITY

Continued To: INDEFINITE Section of Act/Regulation: 15

Tract Number: 02  
4-27-051: 24L3,L4,L6

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE WABAMUN GRP  
AS DESIGNATED IN DRRZD 00277  
KEY WELL: 00/03-10-063-26W5/00  
INTERVAL: 10,452.00 - 11,198.00 Feet  
LOG TYPE: BOREHOLE COMPENSATED SONIC

Continued To: INDEFINITE Section of Act/Regulation: 15

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 001 115421 PETROLEUM AND NATURAL GAS LEASE**

**Well Events Data**

Well Event ID	Delimiter	Well Event Status	Offset
100 05 24 051 27W4 00	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED	
102 05 24 051 27W4 00	LOCATED ON AGREEMENT (0)	GAS SUSPENDED	
102 05 24 051 27W4 02	LOCATED ON AGREEMENT (0)	CRUDE OIL ABANDONED ZONE	
102 05 24 051 27W4 03	LOCATED ON AGREEMENT (0)	GAS ABANDONED ZONE	
Total: 4			

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1986/06/10	CONTINUATION - AMENDMENT		0.0000				
1986/06/10	AMENDMENT - BACKDATED APPENDIX		48.0000				
1983/01/01	CONTINUATION - AMENDMENT		0.0000				
1959/03/23	ORIGINATING DISP - CONVERSION (LSAS)	046 439	0.0000				
Total: 4							

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0421070082 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	2021/07/22
Term Date:	2021/07/22	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	2026/07/22	Current Expiry Date:	2026/07/22
Continuation Date:			
Original Area(Ha):	160.0000	Current Area(Ha):	160.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	PRIMARY	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	0	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2021/07/22

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date:    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0421070082 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$560.00	Current Rental Amount:	\$560.00
Rental Paid To Date:	2023/07/22		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:  
4-27-051:

34SE,NW,L4,L5

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN DRRZD 00004  
KEY WELL: 00/06-16-041-08W4/00  
INTERVAL: 2,557.00 - 2,985.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

TO THE BASE OF THE LEDUC FM  
AS DESIGNATED IN DRRZD 00065  
KEY WELL: 00/07-17-056-21W4/00  
INTERVAL: 3,167.00 - 4,322.00 Feet  
LOG TYPE: FORMATION DENSITY

# Alberta Mineral Information

Created On: 2023/06/15 8:21:19 AM

## Agreement Detail Report

Energy External Search

Request No.: R4561928

AMI100012

**Agreement Type/Number: 004 0421070082 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Addenda

Addendum ID	Type Description	Name	Access Level	Security Level	Effective Date	Review Date
SHA 0103 01	SENSITIVE HABITAT AREA	SENSITIVE RAPTOR RANGE	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS	PUBLIC INFORMATION	2021/05/19	2031/05/19
SHA 0104 01	SENSITIVE HABITAT AREA	SHARP-TAILED GROUSE	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS	PUBLIC INFORMATION	2021/05/20	2031/05/20

**Addendum Number: SHA 0103 01**

### Addendum Detail

Name: SENSITIVE RAPTOR RANGE  
Access Level: SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS  
Security Level: PUBLIC INFORMATION  
Activity Type: ALL MINERAL ACTIVITIES  
Effective Date: 2021/05/19      Review Date: 2031/05/19

### Contact Client

Contact ID/Name: W007 GAVIN BERG  
Phone No: (780) 422-3344      Title: PROVINCIAL WILDLIFE HABITAT SPECIALIST  
Client ID: 8059797      Status:  
Client Address: EDMONTON OFFICE - RESOURCE STEWARDSHIP DIVISION - ALBERTA ENVIRONMENT AND PARKS  
FISH & WILDLIFE STEWARDSHIP  
9920 108 ST NW FLOOR 6  
EDMONTON AB T5K 2M4

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0421070082 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Land/Rights Description**

Land Description:

4-27-051: 34SE,NW,L4,L5

ALL MINERALS

**Addendum Text**

Text ID: WLF 0027 FISH AND WILDLIFE SERVICES

**Addendum Number: SHA 0104 01**

**Addendum Detail**

Name:	SHARP-TAILED GROUSE		
Access Level:	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS		
Security Level:	PUBLIC INFORMATION		
Activity Type:	ALL MINERAL ACTIVITIES		
Effective Date:	2021/05/20	Review Date:	2031/05/20



**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0421070082 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Contact Client**

Contact ID/Name: W007 GAVIN BERG  
Phone No: (780) 422-3344 Title: PROVINCIAL WILDLIFE HABITAT SPECIALIST  
Client ID: 8059797 Status:  
Client Address: EDMONTON OFFICE - RESOURCE STEWARDSHIP DIVISION - ALBERTA ENVIRONMENT AND PARKS  
FISH & WILDLIFE STEWARDSHIP  
9920 108 ST NW FLOOR 6  
EDMONTON AB T5K 2M4

**Land/Rights Description**

Land Description:

4-27-051: 34SE,NW,L4,L5  
ALL MINERALS

**Addendum Text**

Text ID: WLF 0027 FISH AND WILDLIFE SERVICES

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0421070082 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Origin Data**

Creation Date:	2021/05/26	Original Expiry Date:	2026/07/22
Sale Or O/C Date:	2021/07/21	Original Area:	160.0000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$5,603.20
Security Deposit:			
Order in Council:			
Issuance Fee:	\$625.00		

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0422090018 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	2022/09/08
Term Date:	2022/09/08	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	2027/09/08	Current Expiry Date:	2027/09/08
Continuation Date:			
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	PRIMARY	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	0	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2023/01/31

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2023/01/30    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090018 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2022/09/08		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

4-27-051: 10SE

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE VIKING FM  
AS DESIGNATED IN DRRZD 00006  
KEY WELL: 00/10-10-042-14W4/00  
INTERVAL: 2,600.00 - 2,680.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

NATURAL GAS IN THE MANNVILLE GRP  
AS DESIGNATED IN ZD 2752  
KEY WELL: 00/14-10-051-27W4/00  
INTERVAL: 3,828.00 - 4,575.00 Feet  
LOG TYPE: DUAL INDUCTION-LATEROLOG



**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090018 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Land/Rights Description**

Land Description:

4-27-051: 10SE

ALL MINERALS

**Addendum Text**

Text ID: WLF 0027 FISH AND WILDLIFE SERVICES

**Addendum Number: SHA 0104 01**

**Addendum Detail**

Name:	SHARP-TAILED GROUSE		
Access Level:	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS		
Security Level:	PUBLIC INFORMATION		
Activity Type:	ALL MINERAL ACTIVITIES		
Effective Date:	2021/05/20	Review Date:	2031/05/20

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090018 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Contact Client**

Contact ID/Name: W007 GAVIN BERG  
Phone No: (780) 422-3344 Title: PROVINCIAL WILDLIFE HABITAT SPECIALIST  
Client ID: 8059797 Status:  
Client Address: EDMONTON OFFICE - RESOURCE STEWARDSHIP DIVISION - ALBERTA ENVIRONMENT AND PARKS  
FISH & WILDLIFE STEWARDSHIP  
9920 108 ST NW FLOOR 6  
EDMONTON AB T5K 2M4

**Land/Rights Description**

Land Description:  
4-27-051: 10SE  
ALL MINERALS

**Addendum Text**

Text ID: WLF 0027 FISH AND WILDLIFE SERVICES

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090018 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Origin Data**

Creation Date:	2022/07/13	Original Expiry Date:	2027/09/08
Sale Or O/C Date:	2022/09/07	Original Area:	64.0000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$2,240.00
Security Deposit:			
Order in Council:			
Issuance Fee:	\$625.00		

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End of Agreement



# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0422090019 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	2022/09/08
Term Date:	2022/09/08	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	2027/09/08	Current Expiry Date:	2027/09/08
Continuation Date:			
Original Area(Ha):	192.0000	Current Area(Ha):	192.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	PRIMARY	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	0	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2023/01/31

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2023/01/30    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
			Total Interest: 100.0000000

**Alberta Mineral Information  
Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 004 0422090019 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$672.00	Current Rental Amount:	\$672.00
Rental Paid To Date:	2022/09/08	Monthly Invoice:	Yes
Default Notice Issued:			

**Land/Rights Description**

Land Description:  
4-27-051: 10N,SW

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN DRRZD 00004  
KEY WELL: 00/06-16-041-08W4/00  
INTERVAL: 2,557.00 - 2,985.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

**Addenda**

Addendum ID	Type Description	Name	Access Level	Security Level	Effective Date	Review Date
SHA 0103 01	SENSITIVE HABITAT AREA	SENSITIVE RAPTOR RANGE	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS	PUBLIC INFORMATION	2021/05/19	2031/05/19
SHA 0104 01	SENSITIVE HABITAT AREA	SHARP-TAILED GROUSE	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS	PUBLIC INFORMATION	2021/05/20	2031/05/20

**Addendum Number: SHA 0103 01**

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090019 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Addendum Detail**

Name: SENSITIVE RAPTOR RANGE  
Access Level: SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS  
Security Level: PUBLIC INFORMATION  
Activity Type: ALL MINERAL ACTIVITIES  
Effective Date: 2021/05/19 Review Date: 2031/05/19

**Contact Client**

Contact ID/Name: W007 GAVIN BERG  
Phone No: (780) 422-3344 Title: PROVINCIAL WILDLIFE HABITAT SPECIALIST  
Client ID: 8059797 Status:  
Client Address: EDMONTON OFFICE - RESOURCE STEWARDSHIP DIVISION - ALBERTA ENVIRONMENT AND PARKS  
FISH & WILDLIFE STEWARDSHIP  
9920 108 ST NW FLOOR 6  
EDMONTON AB T5K 2M4

**Land/Rights Description**

Land Description:  
4-27-051: 10N,SW  
ALL MINERALS

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090019 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Addendum Text**

Text ID: WLF 0027 FISH AND WILDLIFE SERVICES

**Addendum Number: SHA 0104 01**

**Addendum Detail**

Name: SHARP-TAILED GROUSE  
Access Level: SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS  
Security Level: PUBLIC INFORMATION  
Activity Type: ALL MINERAL ACTIVITIES  
Effective Date: 2021/05/20 Review Date: 2031/05/20

**Contact Client**

Contact ID/Name: W007 GAVIN BERG Title: PROVINCIAL WILDLIFE HABITAT SPECIALIST  
Phone No: (780) 422-3344 Status:  
Client ID: 8059797  
Client Address: EDMONTON OFFICE - RESOURCE STEWARDSHIP DIVISION - ALBERTA ENVIRONMENT AND PARKS  
FISH & WILDLIFE STEWARDSHIP  
9920 108 ST NW FLOOR 6  
EDMONTON AB T5K 2M4

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090019 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Land/Rights Description**

Land Description:

4-27-051: 10N,SW

ALL MINERALS

**Addendum Text**

Text ID: WLF 0027 FISH AND WILDLIFE SERVICES

**Origin Data**

Creation Date:	2022/07/13	Original Expiry Date:	2027/09/08
Sale Or O/C Date:	2022/09/07	Original Area:	192.0000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$6,720.00
Security Deposit:			
Order in Council:			
Issuance Fee:	\$625.00		

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0422090019 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0484030067 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1984/03/08
Term Date:	1984/03/08	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	1989/03/08	Current Expiry Date:	INDEFINITE
Continuation Date:	1989/03/08		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	1	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2022/06/30

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2022/06/29    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 004 0484030067 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE

### Rental Information

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2024/03/08		
Default Notice Issued:		Monthly Invoice:	Yes

### Land/Rights Description

Land Description:  
4-27-051:

24NE

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE WABAMUN GRP  
AS DESIGNATED IN DRRZD 00277  
KEY WELL: 00/03-10-063-26W5/00  
INTERVAL: 10,452.00 - 11,198.00 Feet  
LOG TYPE: BOREHOLE COMPENSATED SONIC

Continued To: INDEFINITE Section of Act/Regulation: 15

### Well Events Data

Well Event ID	Delimiter	Well Event Status	Offset
100 10 24 051 27W4 00	LOCATED ON AGREEMENT (0)	ABANDONED	
			Total: 1



**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 004 0484030067 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1989/03/08	PRIMARY CONTINUATION		0.0000				
1989/03/08	AMENDMENT - BACKDATED APPENDIX		64.0000				
Total: 2							

**Origin Data**

Creation Date:	1984/03/08	Original Expiry Date:	1989/03/08
Sale Or O/C Date:	1984/03/07	Original Area:	64.0000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$568.00
Security Deposit:			
Order in Council:			
Issuance Fee:	\$0.00		

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0492080110 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1992/08/06
Term Date:	1992/08/06	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	1997/08/06	Current Expiry Date:	INDEFINITE
Continuation Date:	1997/08/06		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	0	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2022/06/30

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2022/06/29    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0492080110 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Rental Information

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2023/08/06	Monthly Invoice:	Yes
Default Notice Issued:			

### Land/Rights Description

Land Description:  
 4-27-051: 24SE

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE WABAMUN GRP  
 AS DESIGNATED IN DRRZD 00277  
 KEY WELL: 00/03-10-063-26W5/00  
 INTERVAL: 10,452.00 - 11,198.00 Feet  
 LOG TYPE: BOREHOLE COMPENSATED SONIC

Continued To: INDEFINITE Section of Act/Regulation: 15

### Related Agreements / Amendments

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1997/08/06	PRIMARY CONTINUATION		0.0000				
1997/08/06	AMENDMENT - BACKDATED APPENDIX		64.0000				
Total: 2							

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0492080110 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Origin Data**

Creation Date:	1992/08/06	Original Expiry Date:	1997/08/06
Sale Or O/C Date:	1992/08/05	Original Area:	64.0000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$6,698.88
Security Deposit:			
Order in Council:			
Issuance Fee:	\$0.00		

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0493040127 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1993/04/01
Term Date:	1993/04/01	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	1998/04/01	Current Expiry Date:	INDEFINITE
Continuation Date:	1998/04/01		
Original Area(Ha):	93.2000	Current Area(Ha):	93.2000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	1	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2019/04/16

### Designated Representative

Client ID	Client Name/Address	Corporate Status
1005481	PETRUS RESOURCES CORP. 240 4 AVE SW SUITE 2400 CALGARY AB T2P 4H4	ACTIVE

### Current Participant(s)

Last Transfer Date: 2011/02/03    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
1005481	PETRUS RESOURCES CORP.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0493040127 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$326.20	Current Rental Amount:	\$326.20
Rental Paid To Date:	2024/04/01		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

5-02-050: 33NP,SEP PORTION(S) LYING TO THE NORTH AND EAST OF THE RIGHT BANK OF THE NORTH SASKATCHEWAN RIVER AS SHOWN ON A TOWNSHIP PLAN APPROVED AND CONFIRMED BY THE SURVEYOR GENERAL AT OTTAWA ON 1887/10/13.

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN DRRZD 00004  
KEY WELL: 00/06-16-041-08W4/00  
INTERVAL: 2,557.00 - 2,985.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

Continued To: INDEFINITE Section of Act/Regulation: 15

FOR THE PURPOSE OF THIS LEASE IT IS AGREED THAT THE PORTION(S) IN THE LOCATION CONTAIN(S):  
7.2000 HECTARES IN 5-02-050: 33SEP  
23.6000 HECTARES IN 5-02-050: 33NWP  
62.4000 HECTARES IN 5-02-050: 33NEP

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 004 0493040127 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE

### Addenda

Addendum ID	Type Description	Name	Access Level	Security Level	Effective Date	Review Date
TPG 0011 25	TOPOGRAPHIC/GROUND CONDITIONS	RIVER/CREEK VALLEY IN FREEHOLD SURFACE LANDS	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS	PUBLIC INFORMATION	1901/01/01	1997/06/02

Addendum Number: TPG 0011 25

### Addendum Detail

Name: RIVER/CREEK VALLEY IN FREEHOLD SURFACE LANDS  
Access Level: SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS  
Security Level: PUBLIC INFORMATION  
Activity Type: ALL MINERAL ACTIVITIES  
Effective Date: 1901/01/01 Review Date: 1997/06/02

### Contact Client

Contact ID/Name: EN02 SHANNON SHEWCHUK  
Phone No: (780) 422-9466 Title: PLANNING COORDINATOR  
Client ID: 8000322 Status: NONREG  
Client Address: ALBERTA DEPARTMENT OF ENERGY  
9945 108 ST  
EDMONTON AB T5K 2G6

**Alberta Mineral Information  
Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 004 0493040127 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Land/Rights Description**

Land Description:

5-02-050: 33EP,L11P,L12P,L13P,L14P

ALL MINERALS

**Addendum Text**

Text ID: ENV 0010 ENVIRONMENT  
CONTAIN(S) PRIVATELY-OWNED LAND WITH RESTRICTIVE TOPOGRAPHIC AND/OR GROUND CONDITIONS ASSOCIATED WITH A RIVER AND/OR CREEK VALLEY. PRIOR TO ANY SURFACE DISTURBANCE AND/OR SITE DEVELOPMENT, CONTACT THE RECLAMATION OFFICER SHOWN.

**Well Events Data**

Well Event ID	Delimiter	Well Event Status	Offset
100 16 33 050 02W5 00	LOCATED ON AGREEMENT (0)	GAS FLOWING	
			Total: 1

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
1998/11/14	CONTINUATION - AMENDMENT		0.0000				
							Total: 1



**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0493040127 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Origin Data**

Creation Date:	1993/04/01	Original Expiry Date:	1998/04/01
Sale Or O/C Date:	1993/03/31	Original Area:	93.2000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$2,581.64
Security Deposit:			
Order in Council:			
Issuance Fee:	\$450.00		

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0495030519 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1995/03/17
Term Date:	1995/03/16	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	2000/03/16	Current Expiry Date:	INDEFINITE
Continuation Date:	2000/03/16		
Original Area(Ha):	64.0000	Current Area(Ha):	64.0000
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	0	Encumbrance Count:	0
Offset Compensation:	No	Last Update Date:	2021/01/15

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8029571	FREE REIN RESOURCES LTD. 350 7 AVE SW SUITE 3900 CALGARY AB T2P 3N9	ACTIVE

### Current Participant(s)

Last Transfer Date: 2021/01/14    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8029571	FREE REIN RESOURCES LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0495030519 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Rental Information

Required Rental Amount:	\$224.00	Current Rental Amount:	\$224.00
Rental Paid To Date:	2024/03/16	Monthly Invoice:	Yes
Default Notice Issued:			

### Land/Rights Description

Land Description:  
 5-02-050: 28SE

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE BANFF FM  
 AS DESIGNATED IN DRRZD 00057  
 KEY WELL: 00/02-24-056-05W5/00  
 INTERVAL: 4,247.00 - 4,776.00 Feet  
 LOG TYPE: BOREHOLE COMPENSATED SONIC

Continued To: INDEFINITE Section of Act/Regulation: 15

### Related Agreements / Amendments

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
2000/03/16	PRIMARY CONTINUATION		0.0000				
Total: 1							

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

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**Agreement Type/Number: 004 0495030519 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Origin Data**

Creation Date:	1995/03/17	Original Expiry Date:	2000/03/16
Sale Or O/C Date:	1995/03/15	Original Area:	64.0000
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$7,857.28
Security Deposit:			
Order in Council:			
Issuance Fee:	\$450.00		

**Disclaimer**

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End of Agreement

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
 Energy External Search  
 Request No.: R4561928  
 AMI100012

**Agreement Type/Number: 004 0497020175 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

### Current Status

Status:	ACTIVE	Status Effective Date:	1997/02/06
Term Date:	1997/02/06	Term:	5 Years 0 Months 0 Days
Original Expiry Date:	2002/02/06	Current Expiry Date:	INDEFINITE
Continuation Date:	2002/02/06		
Original Area(Ha):	33.2800	Current Area(Ha):	33.2800
Transfer Pending:	No	Continuation Pending:	No
Vintage:	CONTINUED TERM	Oil Sands Area:	No
Security Type:		Security Deposit Amount:	\$0.00
Well Count:	0	Encumbrance Count:	1
Offset Compensation:	No	Last Update Date:	2014/06/05

### Designated Representative

Client ID	Client Name/Address	Corporate Status
8084520	LONG RUN EXPLORATION LTD. 600 3 AVENUE SW SUITE 600 CALGARY AB T2P 0G5	ACTIVE

### Current Participant(s)

Last Transfer Date: 2014/06/03    Transfer Pending: No

Client ID	Client Name	Corporate Status	Interest
8084520	LONG RUN EXPLORATION LTD.	ACTIVE	100.0000000
<b>Total Interest:</b>			<b>100.0000000</b>

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

---

**Agreement Type/Number: 004 0497020175 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Rental Information**

Required Rental Amount:	\$116.48	Current Rental Amount:	\$116.48
Rental Paid To Date:	2024/02/06		
Default Notice Issued:		Monthly Invoice:	Yes

**Land/Rights Description**

Land Description:

5-02-051: 5SP PORTION(S) DESIGNATED AS NORTH SASKATCHEWAN RIVER ON A TOWNSHIP PLAN APPROVED AND CONFIRMED BY THE SURVEYOR GENERAL, AT OTTAWA IN 1887/10/19.

PETROLEUM AND NATURAL GAS

TO THE BASE OF THE MANNVILLE GRP  
AS DESIGNATED IN DRRZD 00004  
KEY WELL: 00/06-16-041-08W4/00  
INTERVAL: 2,557.00 - 2,985.00 Feet  
LOG TYPE: INDUCTION ELECTRICAL

Continued To: INDEFINITE Section of Act/Regulation: 15

FOR THE PURPOSE OF THIS LEASE IT IS AGREED THAT THE PORTION(S) IN THE LOCATION CONTAIN(S):  
20.6200 HECTARES IN 5-02-051: 5SEP  
12.6600 HECTARES IN 5-02-051: 5SWP

# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 004 0497020175 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE

### Addenda

Addendum ID	Type Description	Name	Access Level	Security Level	Effective Date	Review Date
TPG 0011 25	TOPOGRAPHIC/GROUND CONDITIONS	RIVER/CREEK VALLEY IN FREEHOLD SURFACE LANDS	SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS	PUBLIC INFORMATION	1901/01/01	1997/06/02

Addendum Number: TPG 0011 25

### Addendum Detail

Name: RIVER/CREEK VALLEY IN FREEHOLD SURFACE LANDS  
Access Level: SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS  
Security Level: PUBLIC INFORMATION  
Activity Type: ALL MINERAL ACTIVITIES  
Effective Date: 1901/01/01 Review Date: 1997/06/02

### Contact Client

Contact ID/Name: EN02 SHANNON SHEWCHUK  
Phone No: (780) 422-9466 Title: PLANNING COORDINATOR  
Client ID: 8000322 Status: NONREG  
Client Address: ALBERTA DEPARTMENT OF ENERGY  
9945 108 ST  
EDMONTON AB T5K 2G6

**Alberta Mineral Information  
Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

**Agreement Type/Number: 004 0497020175 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Land/Rights Description**

Land Description:

5-02-051:                   5SP

ALL MINERALS

**Addendum Text**

Text ID:                                   ENV 0010 ENVIRONMENT  
CONTAIN(S) PRIVATELY-OWNED LAND WITH RESTRICTIVE TOPOGRAPHIC AND/OR GROUND CONDITIONS ASSOCIATED WITH A RIVER AND/OR CREEK VALLEY. PRIOR TO ANY SURFACE DISTURBANCE AND/OR SITE DEVELOPMENT, CONTACT THE RECLAMATION INSPECTOR SHOWN.

**Related Agreements / Amendments**

Reason Date	Reason Description	Agreement ID	Area (HA)	Renewal Count	Status	Cancellation Date	Cancellation Reason
2002/02/06	PRIMARY CONTINUATION		0.0000				
Total: 1							

**Origin Data**

Creation Date:	1997/02/06	Original Expiry Date:	2002/02/06
Sale Or O/C Date:	1997/02/05	Original Area:	33.2800
Acquisition Origin:	PETROLEUM AND NATURAL GAS LEASE SALE - BONUS	Payment Amount:	\$888.91
Security Deposit:			
Order in Council:			
Issuance Fee:	\$450.00		



# Alberta Mineral Information

## Agreement Detail Report

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

Agreement Type/Number: 004 0497020175 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE

### Encumbrance Data

Encumbrance ID	Encumbrance Type	Status	Registration Date	Partial Discharge Type
2002775	SECURITY NOTICE	ACTIVE	2020/11/04	
Total Number of Records: 1				

### Encumbrance Details

Registration Type/Number: SN 2002775 SECURITY NOTICE

### Interest Of

DOE Client ID	Name
8084520	LONG RUN EXPLORATION LTD.

### Secured Party

DOE Client ID	Name
1025603	CHINA CONSTRUCTION BANK TORONTO BRANCH, AS COLLATERAL AGENT

**Alberta Mineral Information**  
**Agreement Detail Report**

Created On: 2023/06/15 8:21:19 AM  
Energy External Search  
Request No.: R4561928  
AMI100012

---

**Agreement Type/Number: 004 0497020175 5 YEAR PLAINS PETROLEUM AND NATURAL GAS LEASE**

**Address For Service**

<b>DOE Client ID</b>	<b>Name</b>
1025603	CHINA CONSTRUCTION BANK TORONTO BRANCH, AS COLLATERAL AGENT 3650 181 BAY STREET TORONTO ON M5J 2T3

**Disclaimer**

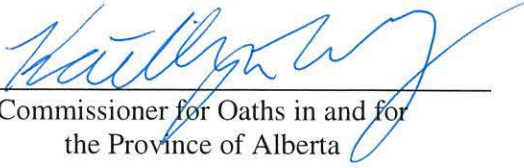
THIS SEARCH IS PROVIDED ON THE CONDITION AND UNDERSTANDING THAT HIS MAJESTY THE KING IN RIGHT OF ALBERTA IS IN NO WAY RESPONSIBLE FOR LOSS OR DAMAGE ARISING FROM ANY ERRORS OR OMISSIONS IN THIS SEARCH AND ANY PERSON MAKING USE OF RELYING IN ANY WAY ON THIS SEARCH HEREBY RELEASES HIS MAJESTY THE KING IN RIGHT OF ALBERTA FROM ANY LIABILITY FOR SUCH LOSS OR DAMAGE.

End of Agreement

End Of Report

THIS IS **EXHIBIT "U"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

Search ID #: Z16255781

**Transmitting Party**

FASKEN MARTINEAU DUMOULIN LLP

3400, 350 7 Avenue SW  
Calgary, AB T2P 3N9

Party Code: 60008049

Phone #: 403 261 5359

Reference #: 324505.00011

Search ID #: Z16255781

Date of Search: 2023-Jun-14

Time of Search: 08:38:10

**Business Debtor Search For:**

FREE REIN RESOURCES LTD.

Exact Result(s) Only Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z16255781

**Business Debtor Search For:**

FREE REIN RESOURCES LTD.

Search ID #: Z16255781

Date of Search: 2023-Jun-14

Time of Search: 08:38:10

Registration Number: 19051327522

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-May-13

Registration Status: Current

Expiry Date: 2024-May-13 23:59:59

Exact Match on:

Debtor

No: 1

**Amendments to Registration**

19051523331

Amendment

2019-May-15

**Debtor(s)**

**Block**

**Status**

1 FREE REIN RESOURCES LTD  
SUITE 300 - 350 7 AVE SW  
CALGARY, AB T2P 3N9

Current

**Block**

**Status**

2 MCCALLUM, TERRY, ROSS  
2792 SIGNAL HILL DR SW  
CALGARY, AB T3H 2L8

Current by  
19051523331

Birth Date:  
1972-Sep-25

**Secured Party / Parties**

**Block**

**Status**

1 ATB FINANCIAL- COLLATERAL MANAGEMENT  
3699-63RD AVENUE NE  
CALGARY, AB T3J 0G7  
Phone #: 403 974 3565 Fax #: 403 974 5288

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

Current

**Search ID #: Z16255781**

2	PROCEEDS: ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALINGS WITH THE ORIGINAL COLLATERAL OR PROCEEDS THEREOF	Current By 19051523331
---	--	---------------------------

Search ID #: Z16255781

**Business Debtor Search For:**

FREE REIN RESOURCES LTD.

Search ID #: Z16255781

Date of Search: 2023-Jun-14

Time of Search: 08:38:10

---

Registration Number: 21081210023

Registration Type: SECURITY AGREEMENT

Registration Date: 2021-Aug-12

Registration Status: Current

Expiry Date: 2031-Aug-12 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**

1 FREE REIN RESOURCES LTD.  
SUITE 3900, 350 7TH AVE SW  
CALGARY, AB T2P 3N9

Current

**Secured Party / Parties**

**Block**

**Status**

1 TARTAN ENERGY GROUP INC.  
SUITE 1520, 101 - 6TH AVENUE SW  
CALGARY, AB T2P 3P4  
Email: tlau@tartansh.com

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 All of the debtor's right, title and freehold interest in and to the petroleum and natural gas rights located within, under or upon the property legally described as: (a) Meridian 4 Range 27 Township 51 Section 23, (b) Meridian 4 Range 27 Township 51 Section 23, (c) Meridian 4 Range 27 Township 51 Section 26, and (d) Meridian 4 Range 27 Township 51 Section 27, including without limitation, all proceeds.

Current

Search ID #: Z16255781

**Business Debtor Search For:**

FREE REIN RESOURCES LTD.

Search ID #: Z16255781

Date of Search: 2023-Jun-14

Time of Search: 08:38:10

---

Registration Number: 21081210096

Registration Type: LAND CHARGE

Registration Date: 2021-Aug-12

Registration Status: Current

Registration Term: Infinity

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

Current

1 FREE REIN RESOURCES LTD.  
SUITE 3900, 350 7TH AVE SW  
CALGARY, AB T2P 3N9

---

**Secured Party / Parties**

**Block**

**Status**

Current

1 TARTAN ENERGY GROUP INC.  
SUITE 1520, 101 6TH AVE SW  
CALGARY, AB T2P 3P4  
Email: tlau@tartansh.com



Search ID #: Z16255781

**Business Debtor Search For:**

FREE REIN RESOURCES LTD.

Search ID #: Z16255781

Date of Search: 2023-Jun-14

Time of Search: 08:38:10

---

Registration Number: 22092001258

Registration Type: SECURITY AGREEMENT

Registration Date: 2022-Sep-20

Registration Status: Current

Expiry Date: 2027-Sep-20 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**

1 FREE REIN RESOURCES LTD.  
SUITE 3900, 350 - 7TH AVENUE SW  
CALGARY, AB T2P 3N9

Current

**Secured Party / Parties**

**Block**

**Status**

1 INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP  
600, 209 - 8TH AVENUE SW  
CALGARY, AB T2P 1B8  
Email: amtaylor@invicocapital.com

Current

**Block**

**Status**

2 INVICO DIVERSIFIED INCOME MANAGING GP INC.  
600, 209 - 8TH AVENUE SW  
CALGARY, AB T2P 1B8  
Email: amtaylor@invicocapital.com

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 All present and after-acquired personal property of the debtor.

Current

2 Proceeds: all goods, documents of title, chattel paper, instruments, money, investment property and intangibles.

Current

Search ID #: Z16255781

**Business Debtor Search For:**

FREE REIN RESOURCES LTD.

Search ID #: Z16255781

Date of Search: 2023-Jun-14

Time of Search: 08:38:10

---

Registration Number: 22092001277

Registration Type: LAND CHARGE

Registration Date: 2022-Sep-20

Registration Status: Current

Registration Term: Infinity

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

Current

1 FREE REIN RESOURCES LTD.  
SUITE 3900, 350 - 7TH AVENUE SW  
CALGARY, AB T2P 3N9

---

**Secured Party / Parties**

**Block**

**Status**

Current

1 INVICO DIVERSIFIED INCOME LIMITED PARTNERSHIP  
600, 209 - 8TH AVENUE SW  
CALGARY, AB T2P 1B8  
Email: amtaylor@invicocapital.com

**Block**

**Status**

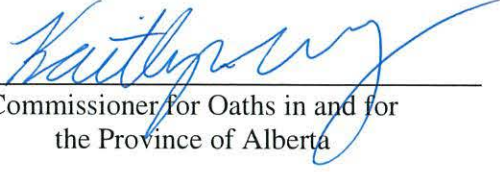
Current

2 INVICO DIVERSIFIED INCOME MANAGING GP INC.  
600, 209 - 8TH AVENUE SW  
CALGARY, AB T2P 1B8  
Email: amtaylor@invicocapital.com

Result Complete

THIS IS **EXHIBIT “V”** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

June 15, 2023

**To: All Known Creditors of Free Rein Resources Ltd. (the “Company”)**

We are writing to advise you that on June 12, 2023, the Company commenced restructuring proceedings by filing a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”). A copy of the NOI and preliminary listing of creditors is attached. FTI Consulting Canada Inc. (“**FTI**”) has been appointed as the Trustee under the NOI (“**Trustee**”).

Although the NOI proceeding is pursuant to the BIA, it is important to note that the Company is not bankrupt and intends to continue operating during the proceedings.

At present, creditors are not required to file a proof of claim. The Trustee will provide you with further information and a proof of claim form, if necessary, at a later date.

During the proceedings:

- No person may terminate or amend any agreement with the Company, or claim an accelerated payment, or a forfeiture of the term, under any agreement with Company, by reason only that the Company is insolvent or by reason of filing of the Notice of Intention, pursuant to Section 65.1(1) of the BIA;
- No creditor has any remedy against the Company or its property, or shall commence or continue any action, or other proceedings against the Company pursuant to Section 69.1(1) of the BIA; and
- Suppliers should discuss directly with their usual Company contact the terms of payment for goods and/or services that they provide to the Company.

Further information with respect to these proceedings will be made available on the Trustee’s website:

<http://cfcanda.fticonsulting.com/freerein/>

If you have any questions after speaking with your contact at the Company, please contact a representative of the Trustee, Brandi Swift at (403) 454-6038 or via email: brandi.swift@fticonsulting.com

Regards,



**FTI CONSULTING CANADA INC.**

Trustee under the Notice of Intention to make  
A proposal of Free Rein Resources Ltd.

Encl.

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
Free Rein Resources Ltd.  
of the city of Calgary  
in the Province of Alberta

Take notice that:

1. I, Free Rein Resources Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. FTI Consulting Canada Inc. of Suite 1610, 520 - 5th Ave S.W., Calgary, AB, T2P 3R7, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the city of Calgary in the Province of Alberta, this 12th day of June 2023.



Free Rein Resources Ltd.  
Insolvent Person

To be completed by Official Receiver:

\_\_\_\_\_  
Filing Date

\_\_\_\_\_  
Official Receiver

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
1788966 Alberta Ltd o/a Big Guns Wireline Services	Box 190 Redcliff AB T0J 2P0		22,030.08
2Com Consulting Inc	Box 576 Okotoks AB T1S 1A7		3,150.00
369957 Alberta Ltd. o/a Viking Wireline Services	Box 512 Eckville AB T0M 0X0		8,493.98
5 Star Propane	Box 679 Thorsby AB T0C 2P0		5,053.57
67 Supply Inc	PO Box 3900 Leduc AB T9E 6M8		13,209.38
Adrenaline Industries Ltd.	Box 9 Breton AB T0C 0P0		16,464.00
Alberta Boilers Safety Association	9410 - 20 Avenue Edmonton AB T6N 0A4		348.00
Alberta Energy Regulator	Finance Branch Calgary AB T2P 0R4		654.62
Alberta Tubular Products Ltd.	1100 - 500 4 Avenue SW Calgary AB T2P 2V6		97,981.30
Alliance Supply Ltd	104 - 1585 Broadway Street Port Coquitlam BC V3C 2M7		5,504.44
Al's Hotshot & Trucking Services Ltd.	Box 3329 Wainwright AB T9W 1T3		48,877.50
Altus Intervention Canada Inc	533, 71 Ave SE Calgary AB T2H 2Y2		30,745.84
Amped Energy Services Ltd.	PO Box 747 Sedgewick AB T0B 4C0		19,865.41
Apex Oilfield Services (2000) Inc.	5402 Blindman Drive Red Deer County AB T4S 2M4		40,922.18
ATB Mastercard	#2100 10020 100 St NW Edmonton AB T5J 0N3		644.99

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
B&B Power Rentals	6633 45 Street Leduc AB T9E 7E3		11,025.00
B&G Pump Jack Service Ltd	#19 Saskatchewan Avenue Devon AB T9G 1G1		5,292.38
Barracuda Wellsite Management Ltd.	10, 34 Wrangler Place Rocky View County AB T1X 0L7		13,369.44
Big Guns Energy Services	21 3030 Sunridge Way NE Calgary AB T1Y 7K4		4,989.30
Black Diamond Limited Partnership	Suite 1000, 440 2nd Ave SW Calgary AB T2P 5E9		13,711.32
Blackspur Oil Corp.	1000, 205 - 5th Avenue SW Calgary AB T2P 2V7		12,418.33
Brawler Heavy Haul Ltd	PO Box 785 Blackfalds AB T0M 0J0		9,180.16
Caliber Control Systems Ltd	Unit 108 Acheson AB T7X 6C9		44,711.15
Canadian Energy Group	1200, 101 - 6th Avenue SW Calgary AB T2P 3P4		6,158.25
Canadian Strategy Group	10103 - 97A Avenue Edmonton AB T5K 2T3		6,977.39
Canfish Services Inc.	1005 - 14 Avenue Nisku AB T9E 0G9		16,459.77
Canline Pipeline Solutions Ltd	PO Box 37 Breton AB T0C 0P0		3,063.56
CanSim	Canadian Energy Group Calgary AB T2P 3P4		20,027.12
CES LP	Canadian Energy Services LP Calgary AB T2P 0B2		385,094.53
Cheryl Treitz	55 Maryland Place SW Calgary AB T2V 2E6		2,314.52

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Claus Sitzler	52 Mt Alberta Green SE Calgary AB T2Z 3G8		578.63
Codeco-Vanoco Engineering Inc.	320, 717 - 7 Ave SW Calgary AB T2P 0Z3		62,331.28
Cory Treitz	149 Aspen Hills Way SW Calgary AB T3H 0G8		723.29
Cuttings Edge Oilfield Equipment Ltd.	4514 - 46 Avenue Lacombe AB T4L 2C6		24,505.00
CWC Well Services - Service Rigs	A division of CWC Energy Services Corp. Sylvan Lake AB T4S 2J9		69,650.37
David Busheikin	636 Woodpark Crescent SW Calgary AB T2W 2S2		1,880.56
Diamond Valley Pressure Services Ltd.	RR #3 Eckville AB T0M 0X0		4,472.58
Don Dewar	58 Sir Geroge Stouffville ON L4A 1P7		1,726.24
EC&M Electric 1934 Ltd.	1165 Unit J 44 Ave SE Calgary AB T2G 4X4		2,436.00
Eclipse E-Line Services Inc	410, 435-4th Ave SW Calgary AB T2P 3A8		15,948.89
Elite Line Locating Ltd	PO Box 7221 Drayton Valley AB T7A 1S5		530.25
ENMAX Energy Corporation	PO Box 2900 Calgary AB T2P 3A7		27,391.37
Ensign Drilling Inc.	1000, 400 - 5th Ave SW Calgary AB T2P 0L6		543,111.65
Epic Wireline Inc.	PO Box 12058 Sylvan Lake AB T4S 2K9		13,787.55
Exile Automation Corp.	30 - 3815 32 Street NE Calgary AB T1Y 7C1		2,157.75



District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Explore Surveys Inc.	Box 62, Hanover Place Calgary AB T2P 3P4		2,514.49
Fanchem Ltd dba PVS Haulin Acid	150, 7750 - 79 Street Red Deer AB T4P 0W1		2,513.47
Fasken Martineau DuMoulin LLP	350 7th Avenue SW Calgary AB T2P 3N9		28,422.41
Firemaster Oilfield Services Inc.	257 27312 TWP RD 394 Lacombe County AB T4M 0R9		7,203.92
Flatland Oil Services Ltd.	Box 528 Redvers SK S0C 2H0		3,396.60
Flowmax Waste Management Solutions Ltd.	3740 33 Street Whitecourt AB T7S 0C9		8,468.25
Gallagher Energy Risk Services Inc	Lockbox #C9575C Calgary AB T2P 5L8		37,808.58
Gas Pro Compression Corp.	Box 24 Three Hills AB T0M 2A0		12,538.84
Get Torqued Pumpjack Services Ltd	PO Box 5466 Drayton Valley AB T7A 1R5		3,556.94
Greg Wilson Consulting Inc.	12 Morgans Ridge Calgary AB T3Z 0A5		1,928.76
GWL Realty Advisors Inc	ITF c/o GWL Realty Advisors Inc Calgary AB T2P 3N9		68,015.28
H2Safety Services Inc	Suite 210 Calgary AB T2H 2S5		971.25
Haley Young	519 - 11121 Young Street Richmond Hill ON L4C 0S7		2,314.52
Hellfire Suppression Services Inc.	Box 759 Rocky Mountain House AB T4T 1A6		1,254.75
Hot Rod Directional Boring Ltd.	32 Exploration Drive Devon AB T9G 2A5		13,762.50

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Inns Law	3900-350 7 Ave SW Calgary AB T2P 3N9		2,397.68
Invico Diversified Income Limited Partnership	600, 209 - 8th Avenue SW Calgary AB T2P 1B8		5,722,063.83
Invictus LLP	Atrium II Suite 230 Calgary AB T2P 3E5		5,136.13
Iron Horse Energy Services	1901 Dirkson Drive NE Redcliff AB T0J 2P0		42,487.82
Jacqueline Busheikin	636 Woodpark Crescent SW Calgary AB T2W 2S2		1,880.56
James Gray	Suite 1210 Calgary AB T2P 1N2		1,928.76
Jesse Herberman	Unit 811 Toronto ON M5N 2P3		694.35
Jodi Dewar	58 Sir George Stouffville ON L4A 1P7		1,726.24
Justin Lynch	Unit 807 Toronto ON M5R 0A4		578.63
Kieran Tether	6655 Gamba Drive Richmond BC V7C 2G4		1,639.44
Lamb's Trucking Ltd.	PO Box 6507 Drayton Valley AB T7A 1R9		3,729.60
Lawson Lundell LLP	Suite 1100 Calgary AB T2P 1N2		1,249.50
Leduc County	101, 1101 - 5th Street Nisku AB T9E 2X3		5,874.81
Legend Oilfield Services Ltd	PO Box 5450 Devon AB T9G 1Y2		11,340.97
Leslie Treltz	55 Maryland Place SW Calgary AB T2V 2E6		3,471.78

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Liquids Transloading Ltd.	Box 238 Calmar AB T0C 0V0		129,541.11
Lisa Treitz	149 Aspen Hills Way SW Calgary AB T3H 0G8		723.29
Maga Energy Ltd	Suite 900, 900-6th Ave SW Calgary AB T2P 3K2		2,520.00
Magnum Cementing Services Operations Ltd LLC	PO Box 60010 Strathmore AB T1P 0C3		40,108.04
Martin Kluner	301 - 23 Burma Star Rd SW Calgary AB T3E 7Y9		723.29
Mavrek Specialties Inc.	4205 - 53 Street Red Deer AB T4N 2E1		5,103.00
Medicine River Oil Recyclers Ltd.	Box 58 Eckville AB T0M 0X0		1,016.40
Midwest Propane	a Division of Tidewater Propane Inc Wetaskiwin AB T9A 2C1		12,682.82
MNP LLP	1500, 640 - 5th Avenue SW Calgary AB T2P 3G4		19,100.00
Mud Creek Medics Ltd.	Box 76 Site 2 RR #3 Rocky Mountain House AB T4T 2A3		4,499.25
NCS Multistage, Inc.	PO Box 15280, Station A Toronto ON M5W 1C1		57,147.51
Nicole Treitz	Unit 807 Toronto ON M5R 0A4		887.94
NOV Canada ULC	Reed Hycalog Nisku AB T9E 7M9		39,091.50
NOV Canada ULC	TUBOSCOPE Nisku AB T9E 7Z7		9,584.63
Overskud Equipment	2624 - 24A Street SW Calgary AB T3E 1W3		9,450.00

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 Free Rein Resources Ltd.  
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 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Packers Plus Energy Services Inc.	525 - 8th Ave SW, East Tower Calgary AB T2P 1G1		40,297.95
Pacrim Steel ULC	PO Box 36063, RPO Lakeview Calgary AB T3E 7C6		2,991.96
Parkland County	53109 A HWY 779 Parkland County AB T7Z 1R1		63,978.49
Pason Systems Corp.	6130 - 3rd Street SE Calgary AB T2H 1K4		21,069.50
Petrus Resources Ltd	Suite 2400, 240 - 4th Ave SW Calgary AB T2P 4H4		14,176.53
Phoenix Technology Services LP	C/O CH3019 Calgary AB T2P 0E2		97,034.91
Prestige Oilfield Contracting Ltd	#15 Parkland County AB T7Y 1G2		210,559.30
Producers Equipment Co.	PO Box 6517 Drayton Valley AB T7A 1R9		4,753.99
Proflo Production Testing Ltd.	8006 Edgar Industrial Ave Red Deer AB T4P 3S2		43,284.15
PureChem Services	a division of Canadian Energy Services LP Calgary AB T2P 0B2		54,461.77
Q2 Artificial Lift Services ULC	7883 Edgar Industrial Way Red Deer AB T4P 3R2		72,314.23
Randy Chow	IT Fired Up. Com Calgary AB T3K 1K4		65,526.34
Raven Rentals (2022)	PO Box 429 Caroline AB T0M 0M0		5,976.18
Reesa Kluner	301 - 23 Burma Star Rd SW Calgary AB T3E 7Y9		723.29
Rush Energy Services Inc	Suite 200 Calgary AB T2P 3T1		625.80

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In the Matter of the Proposal of  
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 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
RWP Controls Ltd.	2036 Westerra Loop Stony Plain AB T7Z 0H8		3,997.03
Ryder Fluid Solutions Inc.	Box 3014 Clairmont AB T8X 0W0		5,021.63
Rysco Corrosion Services Inc.	PO Box 5089 Stn Main Lacombe AB T4L 1W7		1,427.24
Safety Supplies Canada	469C South Ave. Box 3612 Spruce Grove AB T7X 3A8		777.00
SCADACore Inc.	Bay 1 Calgary AB T2E 7C7		3,591.00
Secure Energy Services Inc	Suite 2300 Calgary AB T2P 1N2		58,978.92
Select Electrical Enterprises Ltd	Suite101 Stony Plain AB T7Z 0J2		85,124.74
Shawcor Composite Production Systems	a Division of Shawcor Ltd Calgary AB T2P 0T4		35,604.11
SLS Oilfield Trucking	Box 8 Erskine AB T0C 1G0		54,495.00
Step Energy Services	1200, 205 - 5th Ave SW Calgary AB T2P 2V7		69,962.77
Stream-Flo Industries Ltd	4505 - 74th Avenue Edmonton AB T6B 2H5		54,198.58
T.K.O. Rentals Ltd	Box 7285 Drayton Valley AB T7A 1S5		48,748.28
Tartan Energy Tech (Shanghai) Ltd	1520, 101 - 6th SW Calgary AB T2P 3P4		1,919,952.00
TerraPro Inc.	53345 Range Road 232 Sherwood Park AB T8A 4V2		221,687.03
Tether Family Trust	c/o Gary Tether Cochrane AB T4C 1L2		3,857.53

District of: Alberta  
 Division No. 02 - Calgary  
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 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Free Rein Resources Ltd.  
 of the city of Calgary  
 in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
The Haz Waste Company Inc.	PO Box 5013 Spruce Grove AB T7X 3A2		652.05
Three Bros. Site Services	6633 45 Street Leduc AB T9E 7E3		3,648.98
Thruster Energy Corp.	PO Box 72129 Glenmore Landing PO Calgary AB T2V 5H9		30,404.99
Tidewater Midstream and Infrastructure Inc	Suite 900 Calgary AB T2P 0B4		70,084.00
Titanium Tubing Technology Ltd.	Box 2062 Lloydminster AB T9V 3C3		12,215.70
Tryton Tool Services	6702-56 Street Lloydminster AB T9V 3A7		30,832.74
V.D.M. Trucking Service Ltd.	PO Box 3078 Sherwood Park AB T8H 2T1		115,986.78
Vela Software International d.b.a.	Omnira Software Inc., Suite 420, 211 11 Ave SW Calgary AB T2R 0C6		7,350.00
Weatherford Canada Ltd	#1200 Calgary AB T2P 3B6		91,842.52
Wilf Brandt Trucking	Box 135 Warburg AB T0C 2T0		124,971.85
Workers Compensation Board - Alberta	9912 - 107 Street Edmonton AB T5J 2S5		525.00
WSK Well Services Inc.	PO Box 1175 Nisku AB T9E 8A8		47,109.38
XI Technologies Inc.	1700 Life Plaza Calgary AB T2P 3P8		9,595.00
Zinger Oilfield Supplies Ltd.	PO Box 7193 Drayton Valley AB T7A 1S4		6,340.74
<b>Total</b>			<b>11,789,755.34</b>

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
Free Rein Resources Ltd.  
of the city of Calgary  
in the Province of Alberta



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Free Rein Resources Ltd.  
Insolvent Person

**CONSENT TO ACT AS TRUSTEE UNDER A PROPOSAL  
SECTION 50.4(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT (CANADA)***

TO: Free Rein Resources Ltd. (the “Company”)

THE UNDERSIGNED, **FTI CONSULTING CANADA INC.**, consents to acting as trustee under a proposal to be filed by the Company, pursuant to Part III, Division I of the Bankruptcy and Insolvency Act (Canada).

**Dated this 9<sup>th</sup> day of June, 2023**

**FTI CONSULTING CANADA INC.**

Per:



**Dustin Olver  
Senior Managing Director**





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

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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

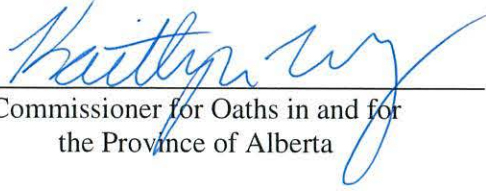
Official Receiver

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

**Canada**

THIS IS **EXHIBIT "W"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

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 Fasken Martineau DuMoulin LLP  
INFORMATION OF PARTY FILING THIS Suite 3400, 350 7<sup>th</sup> Avenue S.W.  
DOCUMENT 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.

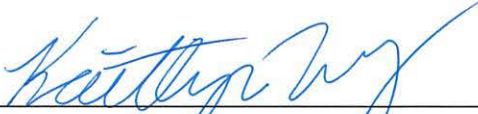
**DATED** at Calgary, Alberta this \_\_\_\_ day of December, 2023.

**FTI CANADA CONSULTING INC.**

**Per:** \_\_\_\_\_  
Name:  
Title:

THIS IS **EXHIBIT "X"** REFERRED TO  
IN THE AFFIDAVIT OF CHRIS WUTZKE

Sworn before me this 4<sup>th</sup> day of December, 2023



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Commissioner for Oaths in and for  
the Province of Alberta

**Kaitlyn Wong**  
Barrister & Solicitor  
3400, 350 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P3N9  
Ph: 1-403-261-7388

## BINDING TERM SHEET FOR REVERSE VESTING TRANSACTION

This binding term sheet (the "**Term Sheet**") sets forth the agreement of the parties hereto (the "**Parties**") with respect to the proposed share transaction which is described herein (the "**Proposed Transaction**") wherein Invico Diversified Income Limited Partnership (the "**Lender**") or its nominee shall become the sole shareholder of Free Rein Resources Ltd. (the "**Debtor**" or "**Free Rein**").

The Parties acknowledge that this Term Sheet is provided in connection with the sale and investment solicitation process ("**SISP**") administered by FTI Consulting Canada Inc. in its capacity as proposal trustee of the Debtor, and not in its personal or corporate capacity (the "**Proposal Trustee**"), appointed in the proceedings commenced by the Debtor pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**NOI Proceedings**").

The Parties further acknowledge that due to, among other things, a material adverse change in the operations of the Debtor, the SISP failed, and as a result, the Lender has submitted a new offer to purchase shares in the Debtor, on the terms and conditions contained herein.

The Parties further acknowledge that the Lender has applied to the Court of King's Bench of Alberta (the "**Court**") for an order to convert the NOI Proceedings to proceedings pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to a CCAA initial order (the "**Initial Order**") and an Amended and Restated Initial Order (the "**ARIO**"), and that the Proposal Trustee be appointed as monitor with enhanced powers over the Debtor (the "**Monitor**").

Upon execution of this Term Sheet by the Parties, and subject to its terms, this Term Sheet shall create a binding legal obligation on the part of the Parties, subject to the terms and conditions of any definitive agreements as may be negotiated by the Parties, of the RVO (defined below), and approval of the Court.

1. Purchaser	The Lender or its nominee (the " <b>Purchaser</b> ").  The Lender is the senior secured creditor of Free Rein Resources Ltd. and is owed \$6,144,062.83, including principal, accrued but unpaid interest and loan administration fees, and legal fees incurred by Lender for the account of Free Rein Resources Ltd. as at December 4, 2023 (the " <b>Invico Secured Debt</b> ").
2. Seller:	FTI Consulting Ltd. in its capacity as Monitor of the Debtor, and not in its personal or corporate capacity.  On June 12, 2023, the Debtor filed a notice of intention to make a proposal to creditors, commencing the NOI Proceedings. The Court File Number and Estate Number for the NOI Proceedings are 25-2954304 and B201954304, respectively.

3. Closing Date:	Closing of the Proposed Transaction (" <b>Closing</b> ") shall occur thirty (30) business days following the waiver or satisfaction of the closing conditions, or such earlier or later date as agreed by the Parties (the " <b>Closing Date</b> ").
4. Proposed Transaction:	<p>A. The Purchaser shall prepare a subscription agreement pursuant to which the Purchaser offers to purchase newly issued shares in the Debtor. Pursuant to the terms and conditions of a reverse vesting order ("<b>RVO</b>") and Section 192 of the <i>Business Corporations Act</i> (Alberta) (the "<b>ABCA</b>"), the articles of incorporation of the Debtor will be reorganized to provide for the following, among other things, in such order as to be determined by the Purchaser in the definitive documents: (i) to authorize the issuance of a new class of common shares (the "<b>New Shares</b>"); (ii) to remove all rights and restrictions of all classes of existing common shares (the "<b>Existing Shares</b>"), if any; and (iii) cause the Existing Shares to be redeemable for nominal or no value (the "<b>Articles of Reorganization</b>"). On Closing: (a) the Purchaser shall subscribe for New Shares (the "<b>Purchased Shares</b>") for a subscription amount equal to the Purchase Price (defined below); and (b) the Existing Shares shall be redeemed for no consideration in accordance with the Articles of Incorporation. Through the issuance of the Purchased Shares, the Purchaser will acquire the Debtor, with the exception of certain Excluded Assets and Excluded Liabilities, outlined below, and shall become the sole shareholder of the Debtor.</p> <p>Further, the RVO shall (i) vest all of the Excluded Assets and Excluded Liabilities absolutely and without recourse and subject to all existing encumbrances, including the charges created under the Initial Order and ARIO, in and to a trust created for the benefit of the existing creditors of the Debtor (the "<b>Residual Trust</b>"), of which the Monitor will be the trustee (in such capacity, the "<b>Residual Trust Trustee</b>") for the purpose of administering the Residual Trust; (ii) declare all Excluded Liabilities to be solely claims against the Excluded Assets to be administered by the Trust; (iii) discharging the Monitor with respect to the Debtor and terminating the CCAA Proceedings with respect to the Debtor; and (iv) notwithstanding the foregoing, declaring that the Debtor shall remain liable for any liabilities retained by the Debtor in the proposed transaction.</p> <p>After Closing, the Monitor, in its capacity as the Trustee, shall administer the Trust in accordance with the terms of a Trust Settlement and any orders issued by the Court.</p>

<p>5. Consideration:</p>	<p>The total aggregate purchase price paid by the Purchaser for the Proposed Transaction shall be (the "<b>Purchase Price</b>"): (i) the Cash Component (as defined below); and (ii) the assumption of the Invico Secured Debt.</p> <p>The Purchase Price shall be satisfied as follows:</p> <ul style="list-style-type: none"><li>(a) a cash payment of \$1.00;</li><li>(b) a cash payment to satisfy the Priority Payables;</li><li>(c) the assumption or payment of Cure Costs (together with the Priority Payables, the "<b>Cash Component</b>"); and</li><li>(d) the assumption of the entirety of the Invico Secured Debt, which includes any further accrued but unpaid interest and monitoring fees and legal fees incurred by Lendor for the account of Debtor in accordance with its terms between December 4, 2023 and the Closing Date, such that it will remain a continuing obligation of the Debtor after Closing.</li></ul> <p><b>"Priority Payables"</b> means any current or future amounts owing as secured by any charges, liens or interest that rank in priority to the Invico Secured Debt, including without limitation any Court ordered charges or statutory priority claims, but does not include the Excluded Liabilities, plus the amount of up to \$50,000 to be used by the Residual Trust Trustee to administer the Residual Trust.</p> <p><b>"Cure Costs"</b> means any costs required to bring any arrears current or rectify any monetary defaults on contracts which are Retained Assets (as set out in Section 10 below).</p>
<p>6. Representations and Warranties:</p>	<p>The issuance of the Purchased Shares to the Purchaser, shall be on an "as is, where is basis", with no representations or warranties except as otherwise agreed between the Parties.</p>
<p>7. Transfer Taxes:</p>	<p>The Purchase Price is exclusive of all transfer taxes, including GST, and the Purchaser shall pay, or shall otherwise be responsible for, all transfer taxes and GST which may become payable in connection with the purchase of the Proposed Transaction. The Parties shall, acting reasonably, mutually agree upon an allocation of the consideration payable hereunder in such a manner as will reduce transfer taxes payable in the Proposed Transaction to the greatest extent possible.</p>

<p>8. Transferred Assets:</p>	<p>The following assets of the Debtor shall be transferred to the Residual Trust on or prior to closing (collectively, the "<b>Excluded Assets</b>"): </p> <ul style="list-style-type: none"><li>• The Cash Component;</li><li>• The furniture located at Free Rein’s leased premises as may be identified by the Purchaser in the definitive documents; and</li><li>• any other assets of the Debtor designated as an Excluded Asset upon the mutual agreement of the Purchaser and the Monitor, in writing prior to Closing.</li></ul>
<p>9. Transferred Liabilities:</p>	<p>All liabilities of the Debtor, with the exception of the Retained Liabilities, shall be transferred to and assumed by the Residual Trust on or prior to Closing (collectively, the "<b>Excluded Liabilities</b>"), in consideration for the transfer to the Trust of the Excluded Assets, including:</p> <ul style="list-style-type: none"><li>• any and all claims, including trade claims, other unsecured claims, contingent or otherwise, and any secured claims secured by security, but excluding any liabilities arising on a post-filing basis.</li><li>• any actual or contingent liabilities of the Debtor as related to Court of King’s Bench of Alberta Action Number 2301-00682 as between 1591195 Alberta Ltd. and Puravida Exploration Inc. as plaintiffs and the Debtor as defendant.</li><li>• any actual or contingent liabilities of the Debtor as related to Court of King’s Bench of Alberta Action Number 2102-08152 as between 1591195 Alberta Ltd. and Puravida Exploration Inc. as plaintiffs and Newgrange Energy Inc. and Terry McCallum as defendants.</li><li>• any Gross Overriding Royalty issued to “Shareholders” and registered at the Mines and Minerals Registry against the Debtors’ interests, including as against:<ul style="list-style-type: none"><li>○ Well 100/06-26-051-27W4/02</li></ul></li><li>• any Gross Overriding Royalty issued to “New Start Energy Ltd.” and registered at the Mines and Minerals Registry against the Debtors’ interests, including as against:<ul style="list-style-type: none"><li>○ Well 100/04-27-050-02W5/00</li><li>○ Well 100/04-27-050-02W5/02</li></ul></li></ul>



	<ul style="list-style-type: none"><li>○ Well 102/16-27-050-02W5/00</li><li>● the Royalty Agreement dated October 30, 2018 between Free Rein Resources Ltd. and Newgrange Energy Inc.</li><li>● the Royalty Agreement dated June 29, 2018 between Newgrange Energy Inc. and Puravida Exploration Inc., where applicable.</li><li>● the Royalty Agreement dated June 29, 2018 between Newgrange Energy Inc. and 1591195 Alberta Ltd., where applicable.</li><li>● any other liabilities designated by the Purchaser as an Excluded Liability in the definitive documents.</li></ul> <p>For greater certainty, the Excluded Liabilities will retain the same priority they have against the Debtor as against the Trust as at the date that the Transaction certificate is filed, including the charges created under the Initial Order and the ARIIO.</p>
10. Retained Assets	<p>Except the Excluded Assets, the Debtor shall retain all of the assets of the Debtor following closing of the Transaction, including but not limited to:</p> <ul style="list-style-type: none"><li>- All of the oil and gas assets owned by the Debtor, including but not limited to wells, facilities pipelines, and any assets related thereto;</li><li>- All land and joint venture leases, contracts, records and schedules;</li><li>- All geological and/or seismic data, in whatever form, owned by the Debtor;</li><li>- Computer equipment and office technology, such as printers, video conferencing equipment, etc., and any software or data contained thereon;</li><li>- All licenses for software, whether computer or cloud based;</li><li>- All agreements and assets related to disposal wells, including a Joint Venture Agreement with Nucor Environmental Solutions in connection with the Debtor's 13-23-51-27W4 site and a waste management facility (constructed under AER WM 221) that began operations November 2021;</li></ul>

	<ul style="list-style-type: none"><li>- All agreements and assets related to a project proposed by the Debtor to develop a new Carbon Hub for Alberta, including all work product, files and data prepared for the Debtor by Mike Monea and Dr. Chris Galas, represented by the Debtor to be the Director of Carbon Capture and the Director of Carbon Storage, respectively;</li><li>- All agreements and assets related to a project proposed by the Debtor to supply hydrogen to the transportation sector, including an MOU with the Alberta Motor Transport Association and Alberta Energy Regulator approval for a waterflood project and financing;</li><li>- The books and records of the Company;</li><li>- Internal programs, policies or systems associated with regulatory and operations of oil and gas assets (i.e. safety programs, ERP, spill co-ops, etc.);</li><li>- Any pre-paid insurance policies protecting against loss of assets or liability for damages, including but not limited to commercial and directors and officers insurance policies;;</li><li>- Non-Capital Losses;</li><li>- Tax Pools;</li><li>- Licenses issued in respect of the oil and gas assets (the "<b>Licenses</b>");</li><li>- Tax attributes;</li><li>- Any claims or causes of action as may be identified in the definitive documents; and</li><li>- Such other assets as may be identified in the development of the definitive documents.</li></ul>
11. Retained Liabilities	<p>The Debtor shall retain the following liabilities following closing of the Transaction:</p> <ul style="list-style-type: none"><li>- All liabilities associated with the Invico Secured Debt;</li><li>- Any and all liabilities associated with the Licenses and other related environmental liabilities;</li><li>- Any further liabilities as may be identified in the definitive documents.</li></ul>

12. Transaction Implementation Steps	<p>The following represent the transaction implementation steps, provided, however, that such steps may be reordered in the definitive documents, for the purposes of maintaining certain attributes associated with the transaction:</p> <ol style="list-style-type: none"><li>1. All of Free Rein's right, title and interest in and to the Transferred Assets (including, for certainty, the Cash Component of the Purchase Price) shall vest absolutely and exclusively in the Residual Trust and all claims and encumbrances attached to the Transferred Assets shall continue to attach to the Transferred Assets with the same nature and priority as they had immediately prior to their transfer.</li><li>2. Concurrently with step 1 above, all Transferred Liabilities shall be transferred to, assumed by and vest absolutely and exclusively in the name of the Residual Trust and the Transferred Liabilities shall be novated and become obligations of the Residual Trust and not liabilities of Free Rein.</li><li>3. Concurrently with step 2 above, Free Rein shall be forever released and discharged from all Transferred Liabilities, and all encumbrances securing transferred liabilities shall be forever released and discharged in respect of Free Rein and the Retained Assets.</li><li>4. Free Rein shall issue the New Shares, free and clear of any claims or encumbrances, in consideration for the Purchase Price. The Purchase Price shall be delivered by the Purchaser to the Monitor on behalf of Free Rein, and then immediately following this step 4, the Purchase Price shall be deemed to be held by the Monitor on behalf of the Residual Trust.</li><li>5. Concurrently with step 4 above, any and all outstanding shares of Free Rein, other than the Purchased Shares, and any and all options, warrants and other rights and entitlements to shares of Free Rein, shall be, and shall be deemed to be cancelled and terminated for no consideration, resulting in no further claim against Free Rein or the Residual Trust.</li><li>6. Immediately after step 4 above, any directors of Free Rein immediately prior to the Closing, shall be deemed to resign and Allison Taylor and Jason Brooks shall be deemed to be appointed as directors of Free Rein.</li></ol>

13. Conditions to Closing:	<p>The Parties' obligation to close the Proposed Transaction will be subject to the following conditions precedent (collectively, the "<b>Closing Conditions</b>"):</p> <ul style="list-style-type: none"><li>a) the granting of a RVO, in a form satisfactory to the Parties, acting reasonably;</li><li>b) the RVO becoming a final order, not subject to any stay or filed appeal (a "<b>Final Order</b>");</li><li>c) executing definitive documents; and</li><li>d) Closing Date shall occur on or before January 31, 2024 or such other date as the Purchaser and the Monitor may agree.</li></ul>
14. Governing Law:	<p>This Term Sheet will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.</p>
15. Counterparts:	<p>This Term Sheet may be executed and delivered electronically in two or more counterparts, any one of which need not contain the signature of more than one Party, but all such counterparts taken together shall constitute one and the same instrument.</p>
16. Assignment	<p>The Purchaser may assign the Term Sheet with the prior written consent of the Monitor, which shall not be unreasonably withheld.</p>
17. Further Assurances:	<p>Each of the Parties hereto shall at the request and expense of the other Party hereto so requesting execute and deliver such further or additional documents and instruments as may reasonably be considered necessary or desirable to properly reflect and carry out the true intent and meaning of this Term Sheet.</p> <p>The Parties shall each use commercially reasonable efforts to satisfy the Closing Conditions and implement the Proposed Transaction as soon as practicable. The Parties shall cooperate with each other in a timely and commercially reasonable manner to satisfy the Closing Conditions and implement the Proposed Transaction soon as practicable.</p> <p>The Parties shall duly prepare and execute such further and other documents, and take such further and other actions, as may be reasonably necessary in order to implement and give effect to the Proposed Transaction and the transactions and benefits contemplated thereby (collectively, the "<b>Closing Actions</b>").</p> <p>The Parties hereby recognize and agree that the order of the steps required to effect the Proposed Transaction shall be clarified in the definitive documents.</p>

18. Binding Term Sheet:	All of the Parties hereby agree and acknowledge that this Term Sheet represents a binding agreement of the Parties with respect to the subject matter provided for herein, subject to the negotiation and executive of definitive documents.
19. Interpretation:	Capitalized terms not otherwise defined herein have the meaning set forth in the RVO, the ARIO or such other documents filed with the Court in support thereof.

***Signature page to follow***

Dated effective as to the \_\_ day of December, 2023

Invico Diversified Income Limited Partnership,  
By its General Partner,  
Invico Diversified Income Managing GP Inc.

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Per:

FTI Canada Consulting Inc. in its capacity  
as court-appointed Monitor with enhanced powers  
of Free Rein Resources Ltd. and not in its personal  
or corporate capacity

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Per: