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25-2954304  
B201954304

Clerk's Stamp

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. 2 OF TERRY MCCALLUM**

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/ 0126  
Fax:(403) 260-0332  
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com  
File No. 77501-3

**AFFIDAVIT NO. 2 OF TERRY MCCALLUM**

**Sworn August 18, 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 August 25, 2023 (the "**Application**") seeking, among other things, the Second Stay Extension to the Proposal Period and approval of the SISP (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,

my Affidavit sworn in these proceedings on July 4, 2023 (my "**First Affidavit**"), or the Second Report (the "**Second 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.

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.

7. Free Rein has 9 full-time employees and consultants working out of its offices in Calgary, Alberta.

### **NOI and Creditors**

8. 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 was appointed as the Proposal Trustee.

9. As of the date of the NOI, Free Rein's books and records indicated that it owes its creditors approximately \$11,789,755.34.

10. 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.

11. On July 4, 2023, Free Rein sought and obtained an extension to the Proposal Period up to and including August 25, 2023 (the "**First Stay Extension**").

**Stay Extension and Restructuring Efforts**

12. Since the First Stay Extension Free Rein has continued to pursue numerous activities with a view to advancing its NOI 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) continuing to providing FTI with access to Free Rein's books and records;
- (b) working with FTI and Free Rein's counsel, Burnet, Duckworth & Palmer LLP ("**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;
- (c) communicating and engaging with stakeholders, employees, contractors, vendors;
- (d) communicating with its secured creditors, namely:
  - (i) conducting regular 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, discussing the SISF and negotiating the the Stalking Horse Transaction (as defined below) with Invico Diversified Income Limited Partnership ("**Invico**");
- (e) 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
- (f) conducting discussions with prospective investors and/or lenders, including but not limited to:

- (i) continuing to engage in discussions with Enoch Cree Nation ("**ECN**"), including several in person and virtual discussions. Based on these discussions, it does not appear that ECN, largely as a result of its governance model, will be able to make a final determination within the limited time frame of these NOI proceedings;
- (ii) commencing negotiations regarding a non-binding letter of intent (an "**LOI**") with respect to a forward natural gas sale to secure fuel for a proposed power generation project;
- (iii) advancing discussions, including the establishment of a virtual data room and the exchange of information, in connection with an additional LOI with another party regarding a forward natural gas sale to secure fuel for either power generation or hydrogen generation;
- (iv) holding meetings with parties with respect to the re-financing of the debt owed to Invico (the "**Invico Debt**"), including the delivery of non-disclosure agreements with respect to the same;
- (v) holding meetings with a potential partner regarding a potential joint venture relationship which would, among other things, see the repayment of the Invico Debt;
- (vi) continuing discussions with its shareholders with a view to raising additional funds to address a potential equitization of the Invico Debt and provide further working capital to Free Rein; and
- (vii) engaging a Chief Financial Officer who has in excess of 30 years experience to provide support to guide the refinancing process and assist in development with Free Rein's hydrogen project.

13. Free Rein requires an extension to the Proposal Period up to and including October 9, 2023 (the "**Second Stay Extension**"). The Second 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;
- (c) commence a sale, refinancing and investment solicitation process (the "**SISP**") substantially in the form attached to Free Rein's application to seek an investment in or sale of Free Rein as part of the restructuring process; and
- (d) preserve and enhance the value of Free Rein's business, for the benefit of all of Free Rein's stakeholders.

14. Free Rein's creditors will not be prejudiced by the Second Stay Extension. Rather, the Second 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.

#### **SISP & Stalking Horse Transaction**

15. As stated in my First Affidavit, Free Rein understands that companies in NOI proceedings often implement a SISP seeking offers for their assets, or a refinancing or recapitalization of the company. Accordingly, as the potential transactions detailed in my First Affidavit have not materialized, Free Rein began to take steps towards implementing and commencing a SISP.

16. Subsequently, on August 11, 2023, Free Rein was informed that Invico wished to pursue a stalking horse transaction (the "**Stalking Horse Transaction**") where by Invico or its nominee (the "**Stalking Horse Bidder**") would enter into a binding term sheet (the "**Stalking Horse Term Sheet**") that would see, among other things, the forgiveness of the Invico Debt and a cash payment to satisfy the Priority Payables and the assumption or payment of Cure Costs (each as defined in the Stalking Horse Term Sheet. If approved, the Stalking Horse Transaction will serve as backstop for the SISP.

17. Free Rein, Invico and the Proposal Trustee are in the process of finalizing the terms of the Stalking Horse Term Sheet and the SISP. Current copies of the drafts of the Stalking Horse Term Sheet and the SISP are attached hereto as **Exhibit "A"** and **Exhibit "B"** respectively.

18. Each of Free Rein, Invico and the Proposal Trustee have been directly involved in preparing the SISP. As Free Rein does not anticipate any material changes to the Stalking Horse Term Sheet or the SISP, it is seeking approval the SISP substantially in the form attached hereto.

19. Further details with respect to the SISP are contained in the Second Report. The SISP includes the following proposed milestones (each as defined therein):

| Milestone   | Deadline            |
|---|---------------------|
| 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 | September 1, 2023   |
| Free Rein and Proposal Trustee to prepare and have available for Potential Bidders the Data Room  | September 8, 2023   |
| Phase 1 Bid Deadline  | October 2, 2023     |
| Phase 2 Bid Deadline  | October 30, 2023    |
| Transaction Approval Application Hearing  | October 14-17, 2023 |
| Closing Date Deadline   | December 11, 2023   |

20. Free Rein is of the view that the SISP, as currently drafted, is commercially reasonable and fair in the circumstances for the following reasons, among others:

- (a) the SISP is fair, transparent and consistent with comparable court-approved sale processes and will be facilitated by a reputable sale advisor with experience in marketing distressed assets and the Receiver in order to maintain the integrity of the Sale Process;
- (b) the timeline provided in the SISP will permit a sufficient level of market exposure for the Property in an expedient and efficient manner and provide potential bidders with approximately 4-5 weeks to submit a Qualified LOI (as defined in the SISP);
- (c) the SISP provides certainty of a Successful Bid (i.e. the Stalking Horse Bid);
- (d) the SISP provides the opportunity for early termination (and as such reduced costs) in the event that (i) the Stalking Horse Transaction is the only Qualified LOI or (ii) there is another transaction entered into by Free Rein which is of sufficient value to result in the repayment of the Priority Payables and the Secured Debt

(each as defined in the SISP), and fund a proposal under Division I, Part III of the BIA;

- (e) Free Rein is not aware of any stakeholder that appears to be prejudiced by the SISP; and
- (f) the SISP permits the Proposal Trustee to provide information on a confidential basis to the Alberta Energy Regulator; and
- (g) the Stalking Horse Term Sheet is fair and reasonable, as well as sets a fair “base level” price for the Sale Process, when taking into consideration the nature of the Property and the Company's current financial position.

21. Free Rein believes that the proposed SISP will adequately expose the opportunity to invest in or purchase the assets of Free Rein to the market and will maximize the value for all of Free Rein's stakeholders

22. If granted, the Second Stay Extension will allow Free Rein to preserve the value of its business and assets as a whole by minimizing any disruptions while conducting the SISP, which will ensure that Free Rein's creditors will be able to maximize their recovery. All stakeholders generally, including creditors, will benefit from these proceedings.

23. In the event of a liquidation under a bankruptcy scenario where all operations would be terminated, the value of Free Rein's assets would be substantially reduced. Free Rein anticipates that that the SISP in the context of the present proceedings will yield better results than any conceivable "go-dark" scenario.

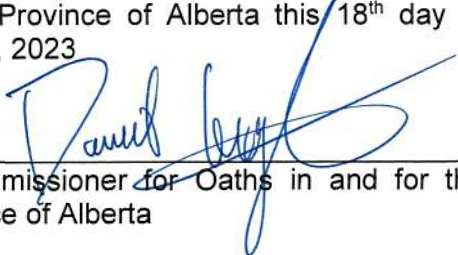
24. Free Rein's management, in consultation with the Proposal Trustee, will continue to work in good faith on a restructuring path forward, which will include maximization of returns to stakeholders and the implementation of the SISP.

### **Relief Sought**

25. Free Rein has acted in accordance with the BIA, 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.

26. I make this Affidavit in support of an Order approving the Second Stay Extension Order, the SISP and the Stalking Horse Term Sheet (each substantially in the form attached hereto) and for no improper purpose.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta this 18<sup>th</sup> day of )  
August, 2023 )



A Commissioner for Oaths in and for the  
Province of Alberta

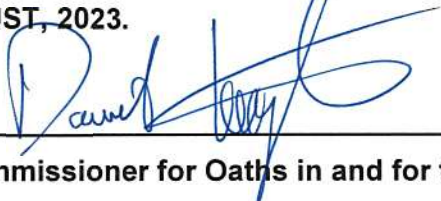


TERRY MCCALLUM

David LeGeyt  
Barrister & Solicitor



THIS IS EXHIBIT "A" REFERRED TO IN  
AFFIDAVIT NO.2 OF TERRY MCCALLUM  
SWORN BEFORE ME THIS 18<sup>th</sup> DAY OF  
AUGUST, 2023.



A Commissioner for Oaths in and for the  
Province of Alberta

David LeGeyt  
Barrister & Solicitor

## 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 Sale Process to be administered by the Debtor under the supervision of FTI Consulting Canada Inc. in its capacity as proposal trustee of the Debtor (the "**Proposal Trustee**"). 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 \$5,797,263.02 as at August 17, 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>Proposal Proceeding</b>"). The Court File Number and Estate Number for the Proposal Proceeding 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 Sale Process: | <p>On August 25, 2023, the Debtor shall apply to the Court for, among other things: an order (the "<b>Sale Process Order</b>" approving the stalking horse sales solicitation process (the "<b>Sale Process</b>"), each of which are substantially the form attached as Schedule "A" hereto.</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</p>  |

offers to purchase new shares in the Debtor. Then pursuant to the terms and conditions of a reverse vesting 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 Asset and Excluded Liabilities, outlined below.

Further, the RVO shall (i) vest all of the Excluded Asset 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 Proposal 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 Asset 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 Proposal 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 Asset, free and clear of all liabilities (the "**APA**"). If the Purchaser is determined to be the Successful Bidder in the Sale Process, the Debtor shall apply to the Court for a sale

|                                    |   |
|------------------------------------|---|
|                                    | approval and vesting order (" <b>SAVO</b> ") approving the APA and vesting the assets free and clear of all claims, to the Purchaser.   |
| 6. Consideration:                  | <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</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 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.</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> |
| 7. Representations and Warranties: | 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".   |
| 8. Stalking Horse Process:         | 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 Sale Process to be commenced by the Debtor as soon as practicable following Court approval of the Sale Process.  |
| 9. Transfer Taxes:                 | 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.   |
| 10. Deposit:                       | The Purchaser shall pay a cash deposit of 10% of the Cash Component (the " <b>Deposit</b> ") with respect to the Proposed   |

|                                  |  |
|----------------------------------|--|
|                                  | <p>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, but excluding the Post-Filing Liabilities;</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 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,</p>   |

|                            |   |
|----------------------------|---|
|                            | <p>shall include the Debtor's entire interest in and to all of the oil and gas assets which fall within the Whiteman 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 Sale Process 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 Sale Process, or there is no Superior Offer under the Sale Process; 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:          | <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>   |
| 17. Assignment             | <p>This Term Sheet may not be assigned without the prior written consent of the other Parties hereto.</p>   |

|                                |  |
|--------------------------------|--|
| <p>18. Further Assurances:</p> | <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> |
| <p>19. Binding Term Sheet:</p> | <p>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.</p>   |
| <p>20. Interpretation:</p>     | <p>Capitalized terms not otherwise defined herein have the meaning set forth in the RVO, SAVO, the Sale Process Order, the Sale Process or such other documents filed with the Court in support thereof.</p>   |

***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:

FTI Consulting Canada Inc. in its capacity as  
proposal trustee of Free Rein Resources and  
not in its personal or corporate capacity

---

Per:



THIS IS EXHIBIT "B" REFERRED TO IN  
AFFIDAVIT NO.2 OF TERRY MCCALLUM  
SWORN BEFORE ME THIS 18th DAY OF  
AUGUST, 2023.



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A Commissioner for Oaths in and for the  
Province of Alberta

David LeGeyt  
Barrister & Solicitor

## 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 Debt Security**" means the security interests which secures the Invico Secured Debt;

**"Invico Secured Debt"** means the debt owed by the Company to Invico Diversified Income Limited Partnership, including all principal, interest and costs totaling approximately \$[●] as of [●], 2023;

**"Minimum Incremental Overbid"** means cash (or a non-cash equivalent value) of at least \$200,000;

**"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, dated August [●], 2023;

**"Stalking Horse Transaction"** means the transaction contemplated by the Stalking Horse Term Sheet;

**"Superior Offer"** means a credible, reasonably certain and financially viable third party Alternate Transaction, the terms of which offer are, in the determination of the Company and the Proposal Trustee, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Term Sheet, and which at a minimum includes a payment in cash of the Purchase Price under the Stalking Horse Term Sheet plus one Minimum Incremental Overbid as at the closing of such transaction;

**"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 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, 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 total consideration under the Stalking Horse Term Sheet is \$[●], 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 \$[●]; and
  - (b) the Cash Component (as defined in the Stalking Horse Term Sheet), consisting of a cash payment in the estimated amount of \$[●] which amount shall consist of the Priority Payables (as defined in the Stalking Horse Term Sheet) and Cure Costs.
16. 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. As part of the SISP Order, Free Rein will be seeking the approval of certain bid protections in respect of the Stalking Horse Term Sheet. However, no other bidder may request or receive a break fee or expense reimbursement as part of any offer made pursuant to this SISP.

#### **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 August [28], 2023. The Proposal Trustee shall send the Teaser Letter and NDA to each Known Potential Bidder by no later than August [28], 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 SISF 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 due diligence material and information relating to the Property and Business as the Proposal Trustee deems appropriate. 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 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**");



- (c) in the case of a Sale Proposal, it identifies or contains the following:
- (i) the Purchase Price or price range 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;
- (d) 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
- (e) 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 II 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 "**Purchase Price**"), 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 Purchase Price 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 Purchase Price 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 section 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)**

**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>October 30, 2023</b>    |
| Transaction Approval Application Hearing  | <b>October 14-17, 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)

**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)