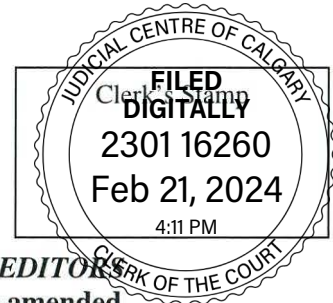


COURT FILE NUMBER **2301-16260**

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.**

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

FASKEN MARTINEAU DUMOULIN LLP
#3400 – 350 7th Avenue SW
Calgary, AB T2P 3N9

Attention: Robyn Gurofsky / Anthony Mersich
Telephone: (403) 261 9469 / (587) 233 4124
Email: rgurofsky@fasken.com / amersich@fasken.com
File Number 324505.00011

SUPPLEMENT TO AFFIDAVIT #3 OF CHRIS WUTZKE

Affirmed on February 21, 2024

I, Chris Wutzke, of Calgary, Alberta, 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.

3. This Affidavit is intended to supplement my third Affidavit sworn on February 2, 2024 and filed in these proceedings on February 7, 2024 (the “**Wutzke #3 Affidavit**”).

Funding of the Goldenspike Asset Acquisition by Newgrange

4. At paragraph 38 of the Wutzke #3 Affidavit, I state as follows:


The Questfire Receivership APA indicates that Newgrange paid a total purchase price of \$250,000 for the Goldenspike Assets. I have been advised by Shaun Addison (“**Mr. Addison**”), who was a geologist with Newgrange and then with Free Rein, and by Trevor Dublonko (“**Mr. Dublonko**”), Vice President of Operations with Free Rein, that the funds to pay the purchase price under the Questfire Receivership APA were provided by Mr. Addison, Andy Prefontaine, who was a land consultant with Newgrange and then with Free Rein, and Darwin Little, who was a business associate of Mr. McCallum. Mr. McCallum had borrowed \$250,000 from Mr. Little which Mr. McCallum then used to complete the cash consideration paid to acquire the Goldenspike Assets. Thus, Messrs. Addison, Prefontaine and McCallum contributed \$50,000, \$75,000 and \$125,000, respectively, with McCallum's contribution having been provided via a \$250,000 loan from Mr. Little.

5. Upon further reflection, I realize that the above paragraph is not entirely accurate, and accordingly, I wish to correct the information I provide in this paragraph of the Wutzke #3 Affidavit.
6. I have never communicated directly with Mr. Addison regarding the facts and issues described at paragraph 38 of the Wutzke #3 Affidavit. The information I provide at paragraph 38 of the Wutzke #3 Affidavit was obtained through correspondences I had with Curt Labelle, who is Invico’s Managing Director of Energy Investments, and who advised me that he communicated directly with Mr. Addison regarding these issues.
7. Following my communications with Mr. Labelle, I wrote to Mr. Dublonko via email and asked him to confirm whether the information provided to me by Mr. Labelle was consistent with his recollection of events. Mr. Dublonko confirmed to me that it was.

The Newgrange Royalty Agreement

- 8. At Exhibit "M" of the Wutzke #3 Affidavit, I refer to the royalty agreement dated October 30, 2018 between Free Rein as royalty payor and Newgrange as royalty owner, that I understand to be the Newgrange Royalty Agreement.
- 9. The agreement attached at Exhibit "M" of the Wutzke #3 Affidavit does not include the schedules of that agreement. This was an inadvertent oversight. Attached hereto as **Exhibit "A"** is a copy of the agreement, with schedules, that I had intended to attach as Exhibit "M" to the Wutzke #3 Affidavit.

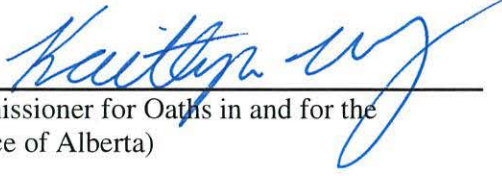
AFFIRMED BEFORE ME at Calgary, Alberta,)
 this 21st day of February, 2024.)


 _____)
 Commissioner for Oaths in and for the Province)
 of Alberta)


 _____)
CHRIS WUTZKE)

Kaitlyn Wong
 Barrister & Solicitor
 3400, 350 7th Avenue SW
 Calgary, Alberta T2P3N6
 Ph: 1-403-261-7388

This is **Exhibit A** referred to in the affidavit of Chris Wutzke affirmed before me on February 21, 2024.



(Commissioner for Oaths in and for the
Province of Alberta)

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

ROYALTY AGREEMENT

Dated this 30th day of
October, 2018.

BETWEEN:

FREE REIN RESOURCES LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta;
(hereinafter sometimes referred to as "Royalty Payor")

NEWGRANGE ENERGY INC., a body corporate, having an office at the City of Calgary, in the Province of Alberta;
(hereinafter sometimes referred to as the "Royalty Owner")

WHEREAS the parties hereto have heretofore agreed that the Royalty Owner shall have a gross overriding royalty interest in all Petroleum Substances produced, saved and marketed from the Royalty Lands, all as more particularly hereinafter provided;

NOW THEREFORE THIS ROYALTY AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the parties agree as follows:

1. DEFINITIONS;

In this Royalty Agreement including the recitals and this clause, unless the context otherwise requires, the following terms shall have the meanings hereinafter assigned thereto:

- (a) "Affiliate" shall have the meaning ascribed thereto in the *Business Corporations Act* (Alberta), as amended from time to time.
- (b) "Acquisition Date" shall mean the date or dates as set forth in Schedule "A" which is the date that the Royalty Payor acquired its interest in the Royalty Lands and shall also mean the date which triggers the effective date of the Area of Mutual Interest with respect to the particular Royalty Lands.
- (c) "Area of Mutual Interest" shall mean any lands outlined in Schedule "B" and shall be subject to all provisions in Clause 16 of this agreement.
- (d) "Condensate" shall mean a mixture mainly of pentanes and heavier hydrocarbons that may be containing Sulphur, or other associated compounds, that is recovered or is recoverable at the well from an underground reservoir and that may be gaseous in its virgin reservoir state but is liquid at the conditions under which its volume is measured or estimated.
- (e) "Crude Oil" shall mean a mixture mainly of pentanes and heavier hydrocarbons (whether or not containing Sulphur, or other associated compounds) that is recovered at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated and shall include crude naphtha that is so recovered.

ROYALTY AGREEMENT

Dated this 30th day of
October, 2018.

BETWEEN:

FREE REIGN RESOURCES LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta;
(hereinafter sometimes referred to as "Royalty Payor")

NEWGRANGE ENERGY INC., a body corporate, having an office at the City of Calgary, in the Province of Alberta;
(hereinafter sometimes referred to as the "Royalty Owner")

WHEREAS the parties hereto have heretofore agreed that the Royalty Owner shall have a gross overriding royalty interest in all Petroleum Substances produced, saved and marketed from the Royalty Lands, all as more particularly hereinafter provided;

NOW THEREFORE THIS ROYALTY AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the parties agree as follows:

1. DEFINITIONS;

In this Royalty Agreement including the recitals and this clause, unless the context otherwise requires, the following terms shall have the meanings hereinafter assigned thereto:

- (a) "Affiliate" shall have the meaning ascribed thereto in the *Business Corporations Act* (Alberta), as amended from time to time.
- (b) "Acquisition Date" shall mean the date or dates as set forth in Schedule "A" which is the date that the Royalty Payor acquired its interest in the Royalty Lands and shall also mean the date which triggers the effective date of the Area of Mutual Interest with respect to the particular Royalty Lands.
- (c) "Area of Mutual Interest" shall mean any lands outlined in Schedule "B" and shall be subject to all provisions in Clause 16 of this agreement.
- (d) "Condensate" shall mean a mixture mainly of pentanes and heavier hydrocarbons that may be containing Sulphur, or other associated compounds, that is recovered or is recoverable at the well from an underground reservoir and that may be gaseous in its virgin reservoir state but is liquid at the conditions under which its volume is measured or estimated.
- (e) "Crude Oil" shall mean a mixture mainly of pentanes and heavier hydrocarbons (whether or not containing Sulphur, or other associated compounds) that is recovered at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated and shall include crude naphtha that is so recovered.

- (f) "Facility Fees" shall mean as applicable:
- (i) For Facility Usage of facility capacity owned by third parties (other than Affiliates of the Royalty Payor), all costs and expenses paid by the Royalty Payor for that facility usage; or
 - (ii) For Facility Usage of facility capacity owned by the Royalty Payor (or an Affiliate of the Royalty Payor), an expense equal to a fee (comprised of both operating and return on capital components) in accordance with either:
 - A. The fee ordinarily chargeable for the same use as the Facility Usage, if that facility is made available for use to third parties; or
 - B. In all other circumstances, a fee sufficient to cover that use of facilities, where the capital recovery component of that fee uses as a guideline the *PNA Jumping Pound-95* methodology and the operating cost component is calculated and assessed on the basis of facility throughput costs.
- (g) "Facility Usage" shall mean the Royalty Payor's use of facilities beyond those included in equipping costs to make merchantable and to deliver to market Petroleum Substances produced from Royalty Lands, including as applicable, the gathering, compression, treatment, processing and transportation, but excluding any basis adjustments made in the determination of the Market Price of Natural Gas.
- (h) "Leases" shall mean the title documents relating to the Royalty Lands, and any extensions, renewals, variations or replacements of the title documents, including without limitation the lease(s) described in the attached Schedule "A"
- (i) "Market Price" shall mean the price at which Petroleum Substances are sold by the Royalty Payor pursuant to clause 3(a), which price shall not be unreasonable, having regard to market conditions applicable to similar arm's length transactions at the applicable time, including without limitation, such factors as the volumes available, the kind and quality of petroleum substances to be sold, the effective date of the sale, the term of the sale, the point of sale and the type of transportation service available, and for sales of Natural Gas shall be not less than the one month spot index price received by the Royalty Payor in Alberta for the month of production subject to reasonable transportation basis adjustments.
- (j) "Natural Gas" shall mean raw gas or marketable gas as the context so requires, as those terms are defined in the *Oil and Gas Conservation Act* (Alberta), as amended from time to time.
- (k) "Natural Gas Liquids" shall mean propane, butane, pentanes plus, or a combination of them, obtained from the processing of Natural Gas or Condensate.
- (l) "Overriding Royalty" shall mean the percentage of Petroleum Substances produced from the Royalty Lands calculated in accordance with the provisions of this Royalty Agreement payable by the Royalty Payor to the Royalty Owner.
- (m) "Petroleum Substances" shall mean all Crude Oil, Natural Gas, Condensate, Natural Gas Liquids, related hydrocarbons, Sulphur, and every other substance an interest in which is granted under the Leases.

- (n) "Point of Measurement shall mean the first point at which Petroleum Substances are or can be metered, measured or allocated downstream of the wellhead following the basic processing described in clause 2(e)
- (o) "Regulations" shall mean all statutes, laws, rules, orders and regulations in effect from time to time.
- (p) "Royalty Lands" shall mean, to the extent granted by the Leases, the lands set out in the attached Schedule "A" (or that may hereafter be made subject to a gross overriding royalty to Royalty Owner by virtue of Area of Mutual Interest or otherwise) or any portion thereof, in which Royalty Payor has an interest therein.

All derivations of the foregoing shall bear the corresponding meanings.

2. CREATION OF OVERRIDING ROYALTY;

- (a) The Royalty Owner does hereby reserve to itself and the Royalty Payor does hereby grant to Royalty Owner the Overriding Royalty on the Royalty Lands as described in this Royalty Agreement and based upon the working interest of the Royalty Payor as set forth in the attached Schedule "A" or Schedule "A-1". The Overriding Royalty is intended to be an interest in land in the Royalty Lands, and to be a covenant running therewith.
- (b) The Overriding Royalty will be calculated on a well by well basis at the Point of Measurement as follows:
 - (i) For Crude Oil 5% of the gross monthly production thereof produced from or allocated to each well on the Royalty Lands; and
 - (ii) For all other Petroleum Substances 5% of the gross monthly production thereof produced from or allocated to each well on the Royalty Lands.

The Overriding Royalty shall be payable by Royalty Payor to Royalty Owner in accordance with this Agreement and attached Schedules.

- (c) The Royalty Payor shall deliver the Overriding Royalty to Royalty Owner either:
 - (i) By selling the Overriding Royalty (or a portion thereof) on behalf of Royalty Owner and accounting for the proceeds thereof in accordance with clause 3; or
 - (ii) By taking in kind the Overriding Royalty (or a portion thereof) in accordance with clause 4 (if Royalty Owner so elects).
- (d) Subject to the other provisions of this Royalty Agreement, the Royalty Payor is hereby appointed as the agent of the Royalty Owner for the handling and disposition of the Overriding Royalty. All acts of the Royalty Payor under this Clause in the handling and disposition of those Petroleum substances and the receipt of proceeds of sale therefrom will be as trustee for the Royalty Owner
- (e) Regardless of whether the Overriding Royalty is taken in kind or sold by Royalty Payor on Royalty Owner's behalf, Royalty Payor shall be responsible to ensure the treatment of Crude Oil for the separation, removal and disposal of basic sediment and water, any extraction of liquid hydrocarbons from Natural Gas at the wellhead and any wellsite separation, removal and disposal of basic sediment and water therefrom, and any wellsite dehydration of Natural Gas.
- (f) The Royalty Payor shall not be required to account to Royalty Owner for that portion of the Overriding Royalty that Royalty Payor (or the operator of the Royalty Lands)

reasonably uses or unavoidably loses in drilling and production operations for the Royalty Lands as described in clause 6(d).

3. OVERRIDING ROYALTY NOT TAKEN IN KIND;

- (a) To the extent that the Royalty Payor disposes of the Overriding Royalty on behalf of the Royalty Owner:
 - (i) Except to the extent otherwise agreed by the Royalty Payor and the Royalty Owner, insofar as the Royalty Payor takes possession of the Overriding Royalty as agent of the Royalty Owner, the Royalty Payor will dispose of those Petroleum Substances by:
 - A. Selling those Petroleum Substances at a Market Price and accounting to the Royalty Owner for the proceeds of the sale; or
 - B. Purchasing those Petroleum Substances for the Royalty Payor's own account (or the account of Affiliate) at a Market Price and accounting to the Royalty Owner therefore.
 - (ii) Subject to the maximums set out in clause 3(d), the Royalty Owner will be responsible, on a well by well basis, for the following costs and expenses incurred after the Point of Measurement with respect to the Overriding Royalty, which Royalty Payor may deduct from the proceeds payable to Royalty Owner pursuant to clause 5:
 - A. Any associated Facility Fees and any transportation costs to transport those Petroleum Substances from the Point of Measurement to the point of sale; and
 - B. Any costs and expenses the Royalty Payor is required to incur to enrich the heating value or to facilitate transportation or marketing of those Petroleum Substances, with the intention that neither the Royalty Payor or the Royalty Owner suffer a loss as a result of that enrichment. Enrichment operations include, without limitation, condensate blending in the case of heavy oil and enrichment by propane or butane in the case of gas with low heating value.
- (b) The Royalty Owner shall not be responsible for any other costs or expenses related to the Overriding Royalty other than as set out above.
- (c) A cost or expense attributable to more than one Petroleum Substance being sold by the Royalty Payor may only be deducted once.
- (d) The costs and expenses to be borne by the Royalty Owner pursuant to this clause 3 and deducted by Royalty Payor shall exceed neither:
 - (i) Those permitted by the Regulations for the calculation of royalties if the lessor under the relevant Title Documents were the Crown in right of the Province in which the Royalty Lands are located; or
 - (ii) 50% of the Market Price [first adjusted for any deductions relating to enrichment of heating value under clause 3(a)(ii)] from the sale of the Overriding Royalty.
- (e) The deductions set forth in this clause 3 pertain to the costs and expenses that would otherwise be incurred by the Royalty Owner to bring those Petroleum Substances to the

point of sale if the Royalty Owner were taking those Petroleum Substances in kind. The allowable deductions are expressed as cash obligations for convenience of record keeping and audit and are not to be construed as altering the nature of the Overriding Royalty as an interest in land.

4. OVERRIDING ROYALTY TAKEN IN KIND;

- (a) The Royalty Owner may revoke the agency established in clause 2(d) and elect to take delivery and separately dispose of any of the Overriding Royalty at the Point of Measurement effective at the 1st day of the calendar month next following the following minimum periods. In the case of Crude Oil and Condensate, such right shall only be exercised on a minimum of 45 days' notice to the Royalty Payor. In the case of Natural Gas Liquids and Natural Gas Liquids, such right shall only be exercised on six months' notice to the Royalty Payor. If the Royalty Owner, however, signifies in writing its consent to the sale of any of the Royalty Owner's share of Petroleum Substances under a contract made by the Royalty Payor providing for a minimum term in excess of the said respective notice periods, the Royalty Owner's right to take in kind any Petroleum Substances subject to such contract shall be suspended during the term of such contract. The Royalty Owner will supply the Royalty Payor with such information regarding the Royalty Owner's arrangements for disposition of those Petroleum Substances as the Royalty Payor may reasonably require to coordinate custody transfer and shipping arrangements for those Petroleum Substances. Failure to provide the Royalty Payor with that information will be deemed to be a failure by the Royalty Owner to take those Petroleum Substances in kind.
- (b) To the extent the Royalty Owner takes in kind its Overriding Royalty, the Royalty Payor will, at the Royalty Payor's cost:
 - (1) In respect of Crude Oil or Condensate extracted from Natural Gas at the wellhead:
 - A. Remove basic sediment and water from those Petroleum Substances in accordance with good oilfield practice, so that relevant pipeline specifications can be met.
 - B. Provide the Royalty Owner with a proportionate share of the Royalty Payer's tankage and storage facilities to store a maximum of 10 days production of the Royalty Owner's share of Crude Oil and Condensate; and
 - C. Deliver such Petroleum Substances to the Royalty Owner, or the Royalty Owner's nominee, at the Point of Measurement in accordance with usual and customary pipeline and shipping practice free and clear of all charges.
 - (2) In respect of Natural Gas and Natural Gas Liquids, deliver them to the Royalty Owner, or the Royalty Owner's nominee, at the applicable Point of Measurement for the relevant well.
- (c) Insofar as the Royalty Owner has elected to revoke the agency established by clause 2(d), the Royalty Owner may re-establish that agency upon giving the Royalty Payor the same minimum notice as aforesaid to revoke such agency. This right may be exercised separately for each type of Petroleum Substance.

5. PAYMENT OF ROYALTY;

- (a) If the Royalty Payor receives funds on account of or as the proceeds of sale of the production of Petroleum Substances comprising the Overriding Royalty, the Royalty Payor will receive the Royalty Owner's share of those funds as trustee for the Royalty Owner.
- (b) The Royalty Payor must remit to the Royalty Owner all funds accruing to the Royalty Owner on account of the Overriding Royalty on or before the 25th day of the calendar month next following the calendar month in which the Royalty Payor received those funds. For the timing of receipt of proceeds in this Clause, "received" will be read as "normally received" if the purchaser of those Petroleum Substances fails to pay the Royalty Payor for that production.
- (c) The Royalty Payor, when submitting to the Royalty Owner all monies accruing to the Royalty Owner, shall include a statement showing the quantity and kind of the Petroleum Substances produced, saved and sold from the Royalty Lands in the immediately preceding calendar month, the Market Price, together with a calculation of the Overriding Royalty from such proceeds.
- (d) A copy of the governmental production statement for the month for which the Overriding Royalty is calculated as aforesaid, and in addition, a copy of the Crown royalty statement with respect to the Leases, shall accompany each respective royalty statement to the Royalty Owner. Any information contained in such governmental production statement or Crown royalty statement need not be repeated in the Royalty Payer's statement to the Royalty Owner.

6. OPERATIONS ON THE ROYALTY LANDS;

- (a) The Royalty Payor shall make every reasonable endeavor within its legal authority to market any of the Petroleum Substances produced or capable of being produced from the Royalty Lands ratably with any other similar substances produced from any lands within the same pool in which the Royalty Payor or any Affiliate has an interest and further the Royalty Payor covenants that it will not discriminate against the Petroleum Substances produced or capable of being produced from the Royalty Lands in the production and marketing of the same.
- (b) The Royalty Payor shall have the right to commingle Petroleum Substances produced from the Royalty Lands with Petroleum Substances produced from other lands, if methods acceptable to the Royalty Owner are used to determine the proper measurement of individual well production. Where Regulations require segregated production tests of individual wells at intervals not greater than two months, such tests will be required.
- (c) The Royalty Payor shall pay all rentals, royalties, taxes and charges payable under the provisions of the Leases or with respect to the Royalty Lands and the production therefrom, either directly or by reimbursing the Royalty Owner, and shall keep the Leases in good standing until surrender thereof as herein provided for and shall not allow the Leases to terminate or become subject to forfeiture.
- (d) The Royalty Payor (or the operator of the Royalty Lands) shall not be required to account for that portion of the Overriding Royalty that it reasonably uses or unavoidably loses in drilling and production operations for the Royalty Lands including the proportionate use of those Petroleum Substances in batteries, treaters, compressors, separators, satellites and similar equipment serving Royalty Wells,
- (e) Nothing in this Royalty Agreement is to be construed as an expressed or implied covenant by the Royalty Payor to drill wells or in any other way develop the Royalty Lands.

7. WELL INFORMATION;

Royalty Payor shall provide to Royalty Owner the following information in respect of each well drilled on the Royalty Lands in which Royalty Payor has an interest:

- (a) Immediate notice of the spud date of the well;
- (b) Daily drilling and geological reports; and
- (c) Copies of logs, tests, seismic and all data acquired throughout the drilling of the well.

8. POOLING AND UNITIZATION;

- (a) The Royalty Payor may pool the Petroleum Substances in a zone underlying all or a portion of the Royalty Lands to the extent required to form a spacing unit in that zone, on the condition that the pooling allocates production therefrom to the applicable Royalty Lands in the proportion that the surface area of the Royalty Lands placed in the spacing unit bears to the total surface area of the spacing unit. The Royalty Payor will promptly give notice to the Royalty Owner describing the extent to which the Royalty Lands have been pooled and describing the pooled spacing unit.
- (b) If the Royalty Payor proposes to pool, unitize or otherwise combine any portion of the Royalty Lands, other than as provided in the previous Subclause, the Royalty Payor must promptly send notice of that intention to the Royalty Owner. That notice must include the technical justification for that pooling, unitization or combination and the proposed terms thereof, provided that the Royalty Payor will not be required to provide interpretative data to the Royalty Owner. Unless otherwise required by Regulations to form a spacing unit, the Royalty Payor will not enter into that pooling, unitization or combination without the prior written consent of the Royalty Owner, which consent will not be unreasonably delayed or withheld.
- (c) If any portion of the Royalty Lands are pooled, unitized or combined with any other lands pursuant to this Clause, the Overriding Royalty shall be calculated by using the quantity of Petroleum Substances thereby allocated to the affected Royalty Lands rather than the actual production therefrom.

9. RIGHT TO AUDIT;

- (a) The Royalty Owner shall have the right to audit the records of the Royalty Payor, at Royalty Owner's sole expense, insofar as they relate to any matter or items required to determine the accuracy of any statements or payments with respect to the Overriding Royalty. The books, records, vouchers and accounts maintained by the Royalty Payor shall be open to inspection at all reasonable times during business hours, by an officer, agent, employee or other person appointed or authorized by the Royalty Owner, in writing, to examine the same.

- (b) Any claims of discrepancies disclosed by the audit shall be made in writing to the Royalty Payor within two months following the completion of the audit. The Royalty Payor shall respond in writing to any claims of discrepancies within six months of receipt of the claims. To the extent that the parties are unable to resolve any outstanding claims of discrepancies disclosed by the audit, such audit exceptions shall be resolved by mediation, provided that, at any time during or within 30 days of the conclusion or termination of the mediation efforts, any party may elect by notice to the other parties to have such audit exceptions resolved pursuant to the *Arbitration Act* (Alberta), as amended from time to time.
- (c) Any statement rendered by the Royalty Payor to the Royalty Owner with respect to the production, disposition or sale of the Overriding Royalty and the permitted charges applicable thereto made by the Royalty Payor shall be conclusively deemed to be correct 24 months following the end of the calendar year in which the statement was received by the Royalty Owner unless and to the extent that the statement is disputed by the Royalty Owner before the end of that period.

10. SURRENDER;

- (a) If there are multiple working interest owners in any portion of the Royalty Lands and it is proposed to surrender to the grantor of the Leases or otherwise permit to expire all or a portion of the applicable lands, the provisions of any agreement governing the lands shall be complied with. To the extent that all working interest owners agree to the surrender or expiry of those Royalty Lands, or if there is only one Royalty Payor, the Royalty Payor shall give notice thereof ("Surrender Notice") to the Royalty Owner at least 60 days before the next ensuing anniversary date of the lease covering the lands or interest therein which it is proposed to surrender. Within 30 days after receipt of the Surrender Notice, the Royalty Owner may elect in writing to acquire such interest and if it does so the Royalty Payor shall, without warranty, forthwith transfer or assign such interest to the Royalty Owner. The Overriding Royalty shall thereafter cease to be payable with respect to the interest so assigned to the Royalty Owner. If the Royalty Owner fails to make the election as provided for herein, the Royalty Payor may surrender the lands specified in the Surrender Notice.
- (b) Upon the Royalty Owner electing to acquire the interest to be surrendered as set forth herein, the Royalty Owner shall assume all rights and obligations of the Royalty Payor with respect to the interest assigned, including indemnification of the Royalty Payor, which rights, obligations and indemnification accrue from and after the effective date of such assignment. The effective date of such assignment shall be the date upon which Royalty Owner elected to acquire the subject interest as provided herein.

11. ROYALTY OWNER'S LIEN;

- (a) The Royalty Owner shall be entitled to and shall have a first and paramount lien upon the Royalty Payor's share of all Petroleum Substances from time to time produced from the Royalty Lands to secure the payment of the Overriding Royalty. Such lien shall not operate to release the Royalty Payor from personal liability for monies due to the Royalty Owner. Such lien shall not attach to the Royalty Payor's share of Petroleum Substances sold or otherwise disposed of from the Royalty Lands, but immediately upon default occurring in payment by the Royalty Payor of monies payable to the Royalty Owner. Such lien shall operate as an assignment to the Royalty Owner of the proceeds payable to the Royalty Owner and not so paid by the Royalty Payor.

- (b) Service of a copy of this Royalty Agreement upon any purchaser of Petroleum Substances together with written notice from the Royalty Owner shall constitute written authorization on the part of the Royalty Payor for such purchaser to pay the Royalty Owner the proceeds from any sale or sales of the Royalty Payor's share of Petroleum Substances, up to the amount owed to the Royalty Owner by the Royalty Payor, and such purchaser is authorized to rely solely upon the statement of the Royalty Owner as to the amount owed to the Royalty Owner by the Royalty Payor.
- (c) The books and records kept by the Royalty Owner shall constitute written proof of the existence of such default, although no purchaser shall be obliged to examine the same before acting upon such notice of default.

12. INDEMNIFICATION;

- (a) The Royalty Payor shall:
 - (i) Be liable to the Royalty Owner for all losses, cost, damages and expenses whatsoever that the Royalty Owner may suffer, sustain, pay or incur; and in addition,
 - (ii) Indemnify and save harmless the Royalty Owner from and against all actions, suits, claims and demands whatsoever by any person;

In each of (i) and (ii) above, arising out of or resulting from any acts or omissions of the Royalty Payor, its servants, agents, employees or independent contractors in respect of operations carried on by it on the Leases and the Royalty Lands.

- (b) The Royalty Owner shall:
 - (i) Be liable to the Royalty Payor for all losses, costs, damages and expenses whatsoever that the Royalty Payor may suffer, sustain, pay or incur; and in addition,
 - (ii) Indemnify and save harmless the Royalty Payor from and against all actions, suits, claims and demands whatsoever by any person;

In each of (i) and (ii) above, arising out of or resulting from any acts or omissions of the Royalty Owner, its servants, agents, employees or independent contractors in respect of operations carried on by it on the Leases and the Royalty Lands.

13. NOTICES;

- (a) All notices to be given hereunder shall be in writing and may be served:
 - (i) Personally, by leaving them with the party on whom they are to be served at the party's address hereinafter given, provided such delivery shall be during normal business hours. Notices so served shall be deemed received by the addressee when actually delivered; or
 - (ii) By facsimile (or by any other like method by which a written message may be sent) directed to the party on whom they are to be served at the party's address hereinafter given. Notices so served shall be deemed received by the addressee when actually received by it within the normal working hours of a business day or at the commencement of the

next ensuing business day following transmission thereof, whichever is the later; or

- (iii) By mailing them first class (air mail if to or from a location outside of Canada) registered post, postage prepaid, to the party on whom they are to be served. Notices so served shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt or the fourth day (excluding local time, on the earlier of the actual date of receipt or the fourth day (excluding Saturdays, Sundays and statutory holidays) following the mailing thereof; and
- (iv) No party shall mail any notice if such party has notice of a strike or imminent strike of the postal service or of conditions, which would reasonably establish that the addressee thereof in the due course of the mail would not receive such notice. In such event, such party giving notice shall employ a method of waving such notice otherwise provided in this clause.

- (b) The address of each of the parties shall be:

FREE REIN RESOURCES LTD.
205, 625 - 11th Ave
SW
Calgary AB
T2R 0E1
Phone: 403-541-0117
Email: Shaunaddison@shaw.ca

NEWGRANGE ENERGY INC.
2792 Signal Hill Drive S.W.
Calgary, Alberta
T3H2L8
Phone:403-617-5785
Email: terry@newgrangeenergy.com

- (c) Any party may change its address by notice served as provided above.

14. ASSIGNMENT;

The assignment of interests and obligations in this Royalty Agreement shall only be effective against the other party if the assignor and the assignee have complied with the terms of the 1993 Canadian Association of Petroleum Landmen Assignment Procedure, which shall be deemed to be included herein by reference. In the absence of an assignment in accordance with the foregoing or Royalty Owner's written consent, Royalty Payor shall remain liable for the payment of the Overriding Royalty notwithstanding that it may no longer have any interest in the Royalty Lands from which such Petroleum Substances are produced, or that it may not be receiving the production or proceeds of production therefrom.

15. MULTIPLE ROYALTY PAYORS;

If the Royalty Payor comprises at any time more than one party:

- (a) The Royalty Payer's obligations and liabilities to the Royalty Owner will be joint and several.
- (b) All rights, duties, obligations, elections and privileges to which Royalty Payor is entitled under this Royalty Agreement shall be shared and may be separately exercised by each party comprising the Royalty Payor in the proportions in which they from time to time own the working interests in the Royalty Lands.
- (b) The Royalty Payors shall designate one of them as their representative under this Clause and shall be bound by the acts and elections of that representative acting in that capacity; and
- (c) The Royalty Owner may deal solely with the Royalty Payor designated by notice as the Royalty Payer's representative from time to time, provided that the Royalty Owner will provide each Royalty Payor with notices the Royalty Owner serves to the Royalty Payor representative.

16. AREA OF MUTUAL INTEREST;

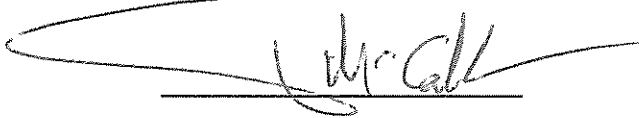
- (a) It is understood and agreed that any lands acquired by the Royalty Payor within the area or areas as outlined on Schedule "B" hereto shall be mutual interest lands ("mutual interest lands") and subject to the provisions of this Clause 16.
- (b) If the Royalty Payor acquires mutual interest lands within the period of time stipulated in Sub clause (c) hereof the Royalty Owner shall be entitled to receive the said royalty on the working interest of the Royalty Payor so acquired and the terms of this Agreement shall be deemed to apply thereto mutatis mutandis and Schedule "A-1" hereof shall be amended accordingly and signed by all parties so as to add the said lands and interest thereto. The Royalty Payor shall fully inform the Royalty Owner of any mutual interest lands so acquired by advising the Royalty Owner within thirty (30) days of such acquisition and shall provide Royalty Payor with a revised Schedule "A-1" for signing and incorporation into this Royalty Agreement.
- (c) This clause 16 shall apply only with respect to an interest acquired in mutual interest lands within two (2) years of the Acquisition Date as set forth in Schedule "A" for each of the Royalty Lands. With respect to the interests acquired thereafter, the Royalty Payor shall have no obligations to the Royalty Owner whatsoever pursuant to this Agreement.
- (d) If the parties hereto so agree, other Royalty Lands may be added to this Royalty Agreement. In the event the Royalty Payor acquires lands and all parties agree that such lands shall become Royalty Lands, Schedule "A" shall be amended and signed by all parties. Such additional Royalty Lands shall create a further area(s) of mutual interest and the parties agree to amend Schedule "B" to incorporate this area of mutual interest. The Royalty Owner shall be entitled to receive the said royalty on the working interest of the Royalty Payor in the additional Royalty Lands so acquired and the terms of this Agreement shall be deemed to apply thereto mutatis mutandis. However, the parties hereto agree that until such amended Schedules "A" and "B" are signed by all parties and incorporated into this Royalty Agreement the parties hereto shall have no additional obligations with respect to this Royalty Agreement.

17. MISCELLANEOUS;

- (a) This Royalty Agreement and the relationship amongst the parties hereto shall be construed and determined according to the laws of the Province of Alberta and each party hereto does attorn to the exclusive jurisdiction of the courts of the Province of Alberta with respect to any matter arising out of this Royalty Agreement.
- (b) The parties hereto shall from time to time and at all times do such further acts and execute and deliver such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and intent of this Royalty Agreement.
- (c) The right of any party hereto to acquire any interest in lands subject to this Royalty Agreement shall not extend beyond the period set out in the applicable perpetuities Regulations.
- (d) No waiver by either party hereto of any breach of any of the conditions and provisions herein contained shall be effective or be binding upon the other party unless the same is expressed in writing, and any waiver so expressed shall not limit or affect its right with respect to any other or future breach.
- (e) Time is of the essence of this Royalty Agreement.
- (f) Subject to clause 14, this Royalty Agreement shall endure to the benefit of and be binding upon the parties hereto, their heirs, successors and permitted assigns.
- (g) The headings of the clauses of this Royalty Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Royalty Agreement.

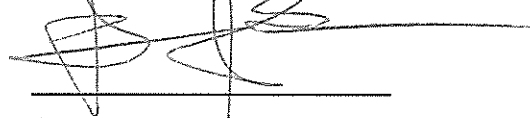
IN WITNESS WHEREOF THE PARTIES have duly executed this Royalty Agreement as of the day and year first above written.

NEWGRANGE ENERGY INC.



Terry McCallum, President

FREE REIN RESOURCES LTD.



Shaun Addison, VP Exploration

SCHEDULE "A"

TO THE ROYALTY AGREEMENT DATED THE 30th DAY OF OCTOBER, 2018;

**BETWEEN FREE REIN RESOURCES LTD. AND
NEWGRANGE ENERGY INC.**

"ROYALTY LANDS"

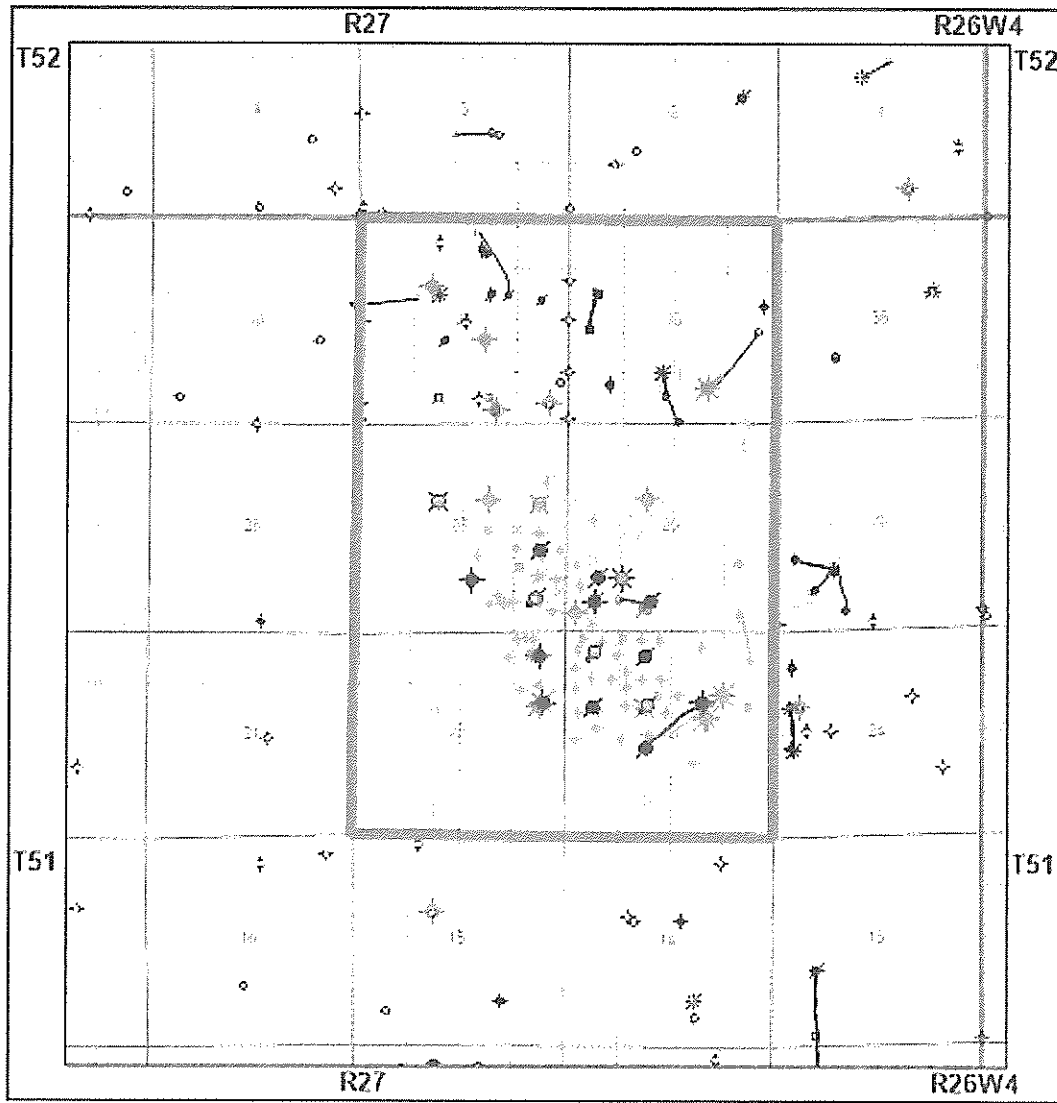
Crown Agreement Number	Lands	P&NG Rights	WI of Royalty Payor	Ownership
22254	22-51-27 W4M	All PNG from Surface to Top Leduc	Free Rein Resources Ltd. 100%	100%
22254	23-51-27 W4M	All PNG from Surface to Top Leduc	Free Rein Resources Ltd. 100%	100%
22254	26-51-27 W4M	All PNG from Surface to Top Leduc	Free Rein Resources Ltd. 100%	100%
22254	27-51-27 W4M	All PNG from Surface to Top Leduc	Free Rein Resources Ltd. 100%	100%
39143	NW 35-51-27 W4M	All PNG from Surface to Base Mannville (excluding PNG in Basal Quartz)	Free Rein Resources Ltd. 100%	5%

SCHEDULE "B"

TO THE ROYALTY AGREEMENT DATED THE 30th DAY OF OCTOBER, 2018;

BETWEEN FREE REIN RESOURCES LTD. AND
NEWGRANGE ENERGY INC.

"MUTUAL INTEREST LANDS"



(to be amended and signed by parties as mutual interest lands are acquired)