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Nov 13, 2024

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

APPLICANTS

AND IN THE MATTER OF GRIFFON PARTNERS  
CAPITAL MANAGEMENT LTD., GRIFFON PARTNERS  
HOLDING CORP and SPICELO LIMITED

DOCUMENT

**SEVENTH REPORT OF ALVAREZ & MARSAL  
CANADA INC. IN ITS CAPACITY AS MONITOR**

**NOVEMBER 4, 2024**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
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APPENDIX A

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## INTRODUCTION

1. On August 25, 2023, Griffon Partners Operation Corp. (“**GPOC**”), Griffon Partners Holding Corp. (“**GPHC**”), Griffon Partners Capital Management Ltd. (“**GPCM**”), 2437801 Alberta Ltd. (“**801 AB**”), 2437799 Alberta Ltd. (“**799 AB**”), 2437815 Alberta Ltd. (“**815 AB**”), Stellion Limited (“**Stellion**”), and Spicelo Limited (“**Spicelo**”) each filed Notices of Intention to Make a Proposal (“**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”). Alvarez & Marsal Canada Inc. (“**A&M Inc.**”) consented to act as Trustee under the Proposal (“**Proposal Trustee**”).
2. For the purposes of this seventh report (the “**Seventh Report**” or “**this Report**”):
  - a) GPOC, GPHC, GPCM, 801 AB, 799 AB, 815 AB, Stellion and Spicelo are collectively referred to as the “**Companies**”;
  - b) GPHC and GPCM are together referred to as the “**Remaining Griffon Entities**”; and
  - c) 801 AB, 799 AB, 815 AB and Stellion are collectively referred to as the “**Griffon Ownership Companies**”.
3. Pursuant to section 50.4(8) of the BIA, the initial NOI period during which the Companies were required to file a proposal under the NOI proceedings (the “**NOI Proceedings**”) was from August 25, 2023 to September 24, 2023. The Companies subsequently applied to the Court of King’s Bench of Alberta (the “**Court**”) on various dates between September 2023 and January 2024 and were granted a number of stay extension orders, an order approving a sales and investment solicitation process (“**SISP**”) and all orders sought concerning the approval of the actions, activities, conduct, professional fees and costs of A&M Inc., acting in its capacity as the Proposal Trustee in the entire NOI Proceedings, and its counsel.
4. On February 7, 2024, this Honourable Court granted the Companies an initial order (the “**Initial Order**”) as well as an amended and restated initial order to continue the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985,

- c C-36 (as amended the “**CCAA**” or the “**CCAA Proceedings**”), which granted, among other things, a stay of proceedings up to and including March 6, 2024 and appointed A&M Inc. as monitor pursuant to the provisions of the CCAA (in such capacity, the “**Monitor**”).
5. On March 6, 2024, this Honourable Court granted a further extension to the stay of proceedings for GPOC, the Remaining Griffon Entities and the Griffon Ownership Entities (together, the “**Griffon Entities**”) up to and including April 17, 2024. Spicelo was granted a separate extension to the stay of proceedings up to and including March 26, 2024. On March 26, 2024, Spicelo was granted an additional one day extension of the stay of proceedings up to and including March 27, 2024 to allow the Court to consider an application by Spicelo for the granting of enhanced powers to the Monitor and a cross-application by Signal Alpha C4 Limited and Trafigura Canada Ltd. (the “**Senior Secured Lenders**”) placing Spicelo into receivership and appointing a receiver.
  6. On March 27, 2024, this Honourable Court granted an order enhancing the powers of the Monitor of Spicelo in order to allow the Monitor to carry out many of the functions, duties and powers that would normally be carried out by the director of Spicelo, or a receiver appointed over Spicelo, to ensure an orderly and efficient transaction in respect of Spicelo’s assets (or so much thereof as may be necessary) to pay the Senior Secured Lenders their outstanding indebtedness in full (the “**Spicelo EMP Order**”) and an extension of the stay of proceedings for Spicelo to April 17, 2024.
  7. On April 10, 2024, this Honourable Court approved, among other things, a share purchase and sale agreement between GPHC, GPCM and Metamorphic Energy Corp.<sup>1</sup> and granted an approval and reverse vesting order (“**RVO**”) to complete and implement the SPA (the “**Share Purchase Transaction**”). This Honourable Court also granted an order approving the actions, activities and conduct of the Monitor

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<sup>1</sup> On April 8, 2024, Metamorphic assigned its interests to an affiliated entity, 2600389 Alberta Ltd.

(from February 1, 2024 to April 3, 2024) and provided additional protections for the Monitor pursuant to the Spicelo EMP Order.

8. The Share Purchase Transaction closed on April 16, 2024 and, further to the RVO, GPOC ceased to be an applicant or party in the CCAA Proceedings.
9. On April 17, 2024, this Honourable Court granted an order:
  - a) enhancing the powers of the Monitor of the Remaining Griffon Entities and the Griffon Ownership Entities;
  - b) authorizing and permitting the Monitor to distribute to the Senior Secured Lenders the Spicelo Interim Distribution (as set out and defined in the Fourth Report of the Monitor dated April 10, 2024 (the “**Fourth Report**”) and quantified in Confidential Appendix 1 (the “**Confidential Appendix**”));
  - c) authorizing and permitting the Monitor to distribute to the Senior Secured Lenders the Griffon Entities Interim Distribution (as set out and defined in the Fourth Report and quantified in the Confidential Appendix)<sup>2</sup>;
  - d) extending the stay of proceedings to May 17, 2024; and
  - e) approving the fees and disbursements of the Monitor and its counsel as reported since the Monitor’s Pre-Filing Report dated February 1, 2024 through to the date of the Third Report, being April 3, 2024.
10. On May 14, 2024, Madam Justice L.K. Harris rendered a decision that held that Tamarack Valley Energy Ltd. (“**Tamarack**”) has no claim against the assets of

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<sup>2</sup> If the Application concerning marshalling and subrogation (following any appeal therefrom), which was heard by Madam Justice L.K. Harris on April 12, 2024 is decided in favour of Tamarack, the funds from the sale of the Spicelo property (the “**Spicelo Proceeds**”) will be distributed in accordance with the decision in such marshalling and subrogation Application, and the Griffon Entities Interim Distribution will be taken into account in calculating the distributions to which the Lenders and Tamarack are entitled. The Griffon Entities Interim Distribution was made without prejudice to Tamarack’s interests arising from the marshalling and subrogation Application. Madam Justice L.K. Harris’ decision was not made in favour of Tamarack, but now is the subject of an Application for Leave to Appeal before the Alberta Court of Appeal. No decision on the Application of Leave to Appeal has yet been rendered.

Spicelo and that GPOC's Senior Secured Lenders are not required to exhaust their remedies pursuant to the Spicelo Guarantee prior to realizing on the proceeds from GPOC's SISP (the "**Marshalling Decision**").

11. On May 15, 2024, this Honourable Court granted an order:
  - a) discharging the Monitor and terminating the CCAA Proceedings for the Griffon Ownership Entities;
  - b) extending the stay of proceedings for Spicelo and the Remaining Griffon Entities up to and including August 16, 2024; and
  - c) approving the actions, activities and conduct of the Monitor as reported in the Fourth Report and the Fifth Report of the Monitor dated May 7, 2024 (the "**Fifth Report**"), along with the fees and disbursements of the Monitor and its counsel, as set out in the Fifth Report.
12. On June 13, 2024, an Application for Leave to Appeal was heard by Grosse J.A. of the Alberta Court of Appeal (the "**Court of Appeal**"), concerning the Marshalling Decision.
13. On August 15, 2024, this Honourable Court granted an order:
  - a) extending the stay of proceedings for Spicelo and the Remaining Griffon Entities up to and including November 15, 2024; and
  - b) approving the actions, activities and conduct of the Monitor as reported in the Sixth Report of the Monitor dated August 2, 2024 (the "**Sixth Report**"), along with the fees and disbursements of the Monitor and its counsel, as set out in the Sixth Report.
14. On August 26, 2024, Grosse J.A. of the Court of Appeal granted an application allowing leave to appeal the Marshalling Decision, as further discussed below.
15. The Monitor has scheduled an Application before this Honourable Court for November 13, 2024, seeking the following relief, among other things:

- a) a further extension of the stay of proceedings for Spicelo and the Remaining Griffon Entities up to and including February 28, 2025; and
  - b) approving the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report.
16. All documents and information regarding the NOI Proceedings and the CCAA Proceedings, have been posted on the Monitor's website at [www.alvarezmarsal.com/griffonpartners](http://www.alvarezmarsal.com/griffonpartners) (the "**Website**").

## **PURPOSE**

17. The purpose of this Seventh Report is to provide this Honourable Court and the Companies' stakeholders an update with respect to the following:
- a) an update concerning the activities of the Monitor since the Sixth Report,
  - b) an update on the Marshalling Decision and the settlement agreement that followed, entered into between Spicelo, Jonathan Klesch ("**Klesch**") and Tamarack (the "**Settlement Agreement**");
  - c) the actual cash flow receipts and disbursements as compared to the cash flow forecast outlined in the Sixth Report;
  - d) an updated monthly cash flow forecast for the monthly period to February 28, 2025;
  - e) the request for an extension of the stay of proceedings for Spicelo and the Remaining Griffon Entities;
  - f) the request for approval of the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report; and
  - g) the Monitor's recommendations.

18. Further background of the Companies, their operations and the SISP is contained in the materials filed in the NOI Proceedings and CCAA Proceedings, which can be found on the Website.

## **TERMS OF REFERENCE AND DISCLAIMER**

19. In preparing this Report, A&M Inc., in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Companies and has held discussions with the Companies' management and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Companies' cash flow forecast:
- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
  - b) some of the Information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
20. Future oriented financial information referred to in this Report was prepared based on the Companies' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
21. All references to dollars are in Canadian currency unless otherwise noted.



## ACTIVITIES OF THE MONITOR

22. The Monitor's activities since the Sixth Report (dated August 2, 2024) have included the following:

- a) various communications and ongoing meetings with Sproule Asset Management ("**Sproule**") respecting the remaining administrative matters regarding Remaining Griffon Entities;
- b) continued communication with stakeholders, including Klesch and his counsel, Tamarack's counsel and the Monitor's counsel, regarding matters pertaining to the Court of Appeal filings and proceedings, and the remaining Greenfire Resources Ltd. ("**GFR**") shares, which resulted in the Settlement Agreement;
- c) monitoring of the Spicelo and the Remaining Griffon Entities cash flow actuals to forecast; and
- d) ongoing monitoring of the financial affairs and other activities by the Monitor.

### Marshalling

23. As previously discussed in prior reports, GPOC purchased its assets from Tamarack on July 21, 2022, for CAD \$70 million. As part of the sale, Tamarack issued a CAD \$20 million seller financing note (the "**Subordinated Secured Debt**"), which has a maturity date of July 21, 2025, and bears interest at 12% per annum. Interest not paid in cash can be paid in-kind ("**PIK**") at 14% interest rate and deemed to be added to the principal amount. To date, all interest has been PIK.

24. Spicelo is an investment company incorporated pursuant to the laws of the Republic of Cyprus and extra-provincially registered in Alberta, whose primary asset is the shares (the "**Pledged Shares**") held in GFR (publicly traded on the NYSE under the ticker symbol '**GFR**').

25. As part of the security package to the Senior Secured Lenders, Spicelo provided a Limited Recourse Guarantee and Securities Pledge Agreement dated July 21, 2022 (the “**Spicelo Guarantee**”), with respect to (a) the Pledged Shares; and (b) a USD \$6,624,583 dividend (the “**Spicelo Dividend**”) (together, the “**Spicelo Collateral**”).
26. Upon this Honourable Court granting the Spicelo EMP Order and enhancing the powers of the Monitor of Spicelo, the Monitor arranged for the Pledged Shares (which were in the possession of the collateral agent for the Senior Secured Lenders), to be transferred to a broker account, in order for the Monitor to receive the Spicelo Dividend and to sell certain shares in order to satisfy the indebtedness owing to the Senior Secured Lenders.
27. On May 1, 2024, and as discussed in greater detail below, the Monitor received the USD \$6,624,583 Spicelo Dividend and distributed the proceeds to the Senior Secured Lenders in accordance with the order that was granted, authorizing and permitting the Monitor to make the Spicelo Interim Distribution
28. On April 26, 2024, upon direction from the Monitor, the brokerage firm confirmed the trade of 4,741,697 shares for net proceeds of USD \$25,701,420.24. Upon settlement of the trade, the Monitor distributed USD \$24,359,175 to the Senior Secured Lenders in accordance with the order that was granted, authorizing and permitting the Monitor to make the Spicelo Interim Distribution.
29. Tamarack brought an application before this Honourable Court in respect of a (i) claim against the assets of Spicelo; and (ii) decision that GPOC’s Senior Secured Lenders were required to exhaust their remedies pursuant to the Spicelo Guarantee prior to realizing on the proceeds from GPOC’s SISP.
30. On May 14, 2024, Madam Justice L.K. Harris rendered a decision that Tamarack has no claim against the assets of Spicelo, and that GPOC’s Senior Secured Lenders are not required to exhaust their remedies pursuant to the Spicelo Guarantee prior

to realizing on the proceeds from GPOC's SISP (*i.e.*, the Marshalling Decision, as defined above).

31. On June 13, 2024, an Application for Leave to Appeal was heard by Grosse J.A. of the Court of Appeal, concerning the Marshalling Decision. On August 26, 2024, Grosse J.A. of the Court of Appeal granted the application for leave to appeal the Marshalling Decision.

#### Griffon Update

32. The Share Purchase Transaction closed on April 16, 2024. As a result, the Monitor distributed CAD \$13,817,000 to the Senior Secured Lenders in accordance with the order that was granted, authorizing and permitting the Monitor to make the Griffon Entities Interim Distribution.
33. The remaining substantive administrative item is the reconciliation and payment of certain working interest partners for amounts which were accrued and owing but unpaid during the proceedings. This amount continues to be further reconciled by Sproule, which was held back from the interim distribution until it is further reconciled and confirmed by the related counterparties or by Court order.
34. As of the date of this Report, the material amounts owing have now been paid (as reflected in the actual cash flow results below) with certain immaterial amounts remaining to be paid.

#### Spicelo Update

35. Spicelo had previously received the USD \$6,624,583 Spicelo Dividend. When the Spicelo Dividend was collected by the Monitor from the transfer agent, there was no tax withheld by the transfer agent for distribution to Canada Revenue Agency ("CRA"). The Monitor's review of the corporate tax consequences of the Spicelo Dividend determined withholding tax amounts were due and payable. As a result, on June 14, 2024, the Monitor remitted USD \$993,687 to the Receiver General on behalf of the Canada Revenue Agency representing the required withholding tax

amount based on the advice of Monitor’s counsel. The Canada Revenue Agency has since opened a temporary withholding tax account, applied to funds received, and has now closed the account.

36. Of the 5,499,506 shares initially held, 757,809 shares remain with the brokerage firm who assisted the Monitor in executing upon the realization process on the GFR shares. As at October 31, 2024, the remaining shares making up the Spicelo Collateral is valued at USD \$5,380,444 (using a closing share price of “GFR” of USD \$7.10).

## **SETTLEMENT AGREEMENT**

37. On August 26, 2024, Grosse J.A. of the Court of Appeal granted the application for leave to appeal the Marshalling Decision and Tamarack filed a Civil Notice of Appeal in Appeal File Number 2401-0142AC in the Court of Appeal of Alberta (the “**Marshalling Appeal**”).
38. On October 21, 2024, following good faith negotiations, Spicelo (through the Monitor acting within its Enhanced Powers), Klesch and Tamarack agreed to settle and compromise all disputes between them as to the Marshalling Decision. A copy of the Settlement Agreement is attached as Appendix “A” to this Report.
39. Per the terms of the Settlement Agreement, as soon as practicable, and in any event within 45 days following execution of the Settlement Agreement (or as soon as practical thereafter), the Monitor shall consult with its sales advisor(s) (if required) to liquidate a sufficient amount of the Spicelo Pledged Shares, whereupon Spicelo (through the Monitor acting within its Enhanced Powers) will deliver (in accordance with wire instructions provided by counsel for Tamarack, Stikeman Elliott LLP):
- a) the sum of CAD \$1,250,000 to Tamarack’s counsel (the “**Settlement Amount**”);

- b) an executed Discontinuance of Appeal without costs for the Marshalling Appeal; and
  - c) approval of a joint letter to the Court advising that no costs are claimed in respect of the Marshalling Decision, all of the foregoing being provided to and accepted by Tamarack in full and final satisfaction of Tamarack's appeal of the Marshalling Decision.
40. The Monitor is supportive of the Settlement Agreement, as it was negotiated in good faith and provides closure of the remaining substantive issues pertaining to these CCAA Proceedings. As disclosed in previous Monitor's reports, the Monitor's legal counsel confirmed the validity and enforceability of the security interests held by Tamarack (the security granted by GPOC in favour of Tamarack has been validly executed and delivered, and has been perfected and registered in accordance with the laws of the Provinces of Alberta and Saskatchewan). Tamarack's security is enforceable in accordance with its terms as against all of the real and present and after acquired personal property of GPOC (subordinated to the Senior Secured Lenders).

## **ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST**

### Remaining Griffon Entities

41. The Remaining Griffon Entities' actual cash receipts and disbursements during the period of August 3, 2024 to November 1, 2024 (the "**Reporting Period**") as compared to the updated weekly cash flow forecast for the same period as outlined in the Sixth Report, is in the chart below:

Remaining Griffon Entities CCAA Cash Flow Variances period-ending November 1, 2024		Cash Flow Forecast	Actuals	Variance	Notes
<i>Unaudited, \$CAD</i>					
<u>Cash Receipts</u>					
Interest Received	\$ -	\$ 1,893	\$ 1,893		
<b>Total cash receipts</b>	<b>-</b>	<b>1,893</b>	<b>\$ 1,893</b>		
<u>Cash Disbursements</u>					
Joint Venture Payments	(50,000)	(6,417)	\$ 43,583		<i>a</i>
3rd Party Accounting Support & Tax Return Preparation Fees	(40,000)	(5,529)	\$ 34,471		<i>b</i>
Bank Fees	-	(30)	\$ (30)		
Professional Fees	(19,537)	(116,130)	\$ (96,593)		<i>c</i>
<b>Total cash disbursements</b>	<b>(109,537)</b>	<b>(128,106)</b>	<b>\$ (18,569)</b>		
<b>Net cash flow</b>	<b>\$ (109,537)</b>	<b>\$ (126,213)</b>	<b>\$ (16,676)</b>		
<u>Net Change in Cash</u>					
Beginning of period	109,537	109,537	\$ -		
Net Cash Flow	(109,537)	(126,213)	\$ (16,676)		
Invoices applied against retainers	-	44,081	\$ 44,081		
<b>Ending of period</b>	<b>\$ -</b>	<b>\$ 27,405</b>	<b>\$ 27,405</b>		
Opening retainers	44,081	44,081	\$ -		
Invoices applied against retainers	-	(44,081)	\$ (44,081)		
<b>Ending of period</b>	<b>\$ 44,081</b>	<b>\$ -</b>	<b>\$ (44,081)</b>		

42. Over the Reporting Period, the Remaining Griffon Entities experienced:
- a positive permanent cash flow variance relating to payments to working interest partners, which were not made during the Reporting Period;
  - a positive cash flow variance relating to payments to the remaining amounts owing to Sproule and for the preparation of final tax returns of GPOC will be finalized and paid. A portion was paid during the Reporting Period and a portion continues to be deferred while the remaining actions are undertaken and finalized; and
  - a negative cash flow variance relating to the payment of professional fees. As at the filing of the Sixth Report, the Monitor and its counsel were uncertain of the path forward, as no decision had been released concerning the Application for Leave to Appeal the Marshalling Decision

## Spicelo

43. Spicelo's actual cash receipts and disbursements during the Reporting Period as compared to the updated weekly cash flow forecast for the same period as outlined in the Sixth Report, is included in the chart below:

Spicelo CCAA Cash Flow Variances period-ending November 1, 2024					Cash Flow Forecast	Actuals	Variance	Notes
<i>Unaudited, \$USD</i>								
<u>Cash Receipts</u>								
Interest Received	-	1,181	\$	1,181				
<b>Total cash receipts</b>	-	<b>1,181</b>	\$	<b>1,181</b>				
<u>Cash Disbursements</u>								
Operating Disbursements	-	(1,835)	\$	(1,835)				
Bank Fees	-	(46)	\$	(46)				
Professional Fees	-	(11,197)	\$	(11,197)				
Professional Fee Retainers	-	(111,020)	\$	(111,020)				<i>a</i>
<b>Total cash disbursements</b>	-	<b>(124,098)</b>	\$	<b>(124,098)</b>				
<b>Net cash flow</b>	\$ -	\$ (122,917)	\$	<b>(122,917)</b>				
<u>Net Change in Cash</u>								
Beginning of period	149,981	149,981	\$	149,981				
Net Cash Flow	-	(122,917)	\$	<b>(122,917)</b>				
<b>Ending of period</b>	\$ 149,981	\$ 27,064	\$	<b>27,064</b>				
Opening retainers	-	-	\$	-				
Retainer funding	-	111,020	\$	<b>111,020</b>				
Invoices applied against retainers	-	-	\$	-				
<b>Ending of period</b>	\$ -	\$ 111,020	\$	<b>111,020</b>				

44. Over the Reporting Period, Spicelo experienced a cash flow variance relating to retainers paid to the Monitor and its counsel (which are allowed for and disclosed in the ARIO) in the amount of CAD \$100,000 and CAD \$50,000, respectively. The Monitor and its counsel will utilize the retainers to satisfy certain invoices and remit any remaining funds to Spicelo upon the termination of these proceedings.

## CASH FLOW FORECAST

### Remaining Griffon Entities

45. The Monitor has prepared an updated monthly cash flow forecast for the Remaining Griffon Entities for the monthly period to February 28, 2025 using the probable and hypothetical assumptions set out below:

- a) the remaining amounts owing to Sproule and for the preparation of final tax returns of GPOC will be finalized and paid; and
- b) remaining professional fees will be paid (in addition to the utilization of the remainder of the original retainers discussed above). The Monitor is currently evaluating the benefit and/or necessity of assigning the Remaining Griffon Entities into bankruptcy, to among other things, to crystallize various creditor claims. Should this be required, the Monitor estimates the professional fees may be in the range of \$35,000 to \$50,000.

Remaining Griffon Entities Monthly Cash Flow Forecast	month ended	Month 1 2024-11	Month 2 2024-12	Month 3 2025-01	Month 4 2025-02	Total
<i>Unaudited, \$CAD</i>						
<u>Cash Receipts</u>						
Interest Received		\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total cash receipts</b>		-	-	-	-	\$ -
<u>Cash Disbursements</u>						
Joint Venture Payments		-	-	-	-	\$ -
3rd Party Accounting & Tax Return Preparation Fees		(20,000)	-	-	-	\$ (20,000)
Professional Fees		-	-	-	-	\$ -
<b>Total cash disbursements</b>		(20,000)	-	-	-	\$ (20,000)
<b>Net cash flow</b>		\$ (20,000)	\$ -	\$ -	\$ -	\$ (20,000)
<u>Net Change in Cash</u>						
Beginning of period		27,405	7,405	7,405	7,405	\$ 27,405
Net Cash Flow		(20,000)	-	-	-	\$ (20,000)
<b>Ending of period</b>		\$ 7,405	\$ 7,405	\$ 7,405	\$ 7,405	\$ 7,405

### Spicelo

46. The Monitor has prepared an updated monthly cash flow forecast for Spicelo for the monthly period to February 28, 2025 using the probable and hypothetical assumptions set out below:

- a) sufficient GFR shares are sold (net of commissions) to satisfy the CAD \$1,250,000 payment to Tamarack; and



- b) no further professional fees will be required to be funded (outstanding and any remaining professional fees and disbursements will be funded by the Remaining Griffon Entities and/or the retainers held by the professionals).

Spicelo		Month 1	Month 2	Month 3	Month 4	Total
Monthly Cash Flow Forecast	month ended	2024-11	2024-12	2025-01	2025-02	
<i>Unaudited, \$USD</i>						
<u>Cash Receipts</u>						
Share Proceeds (net of commissions)		905,797	-	-	-	\$ 905,797
Interest Received		-	-	-	-	\$ -
<b>Total cash receipts</b>		<b>905,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 905,797</b>
<u>Cash Disbursements</u>						
Tamarek Distribution		(905,797)	-	-	-	\$ (905,797)
Professional Fees		-	-	-	-	\$ -
<b>Total cash disbursements</b>		<b>(905,797)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ (905,797)</b>
<b>Net cash flow</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<u>Net Change in Cash</u>						
Beginning of period		27,064	27,064	27,064	27,064	\$ 27,064
Net Cash Flow		-	-	-	-	\$ -
<b>Ending of period</b>		<b>\$ 27,064</b>	<b>\$ 27,064</b>	<b>\$ 27,064</b>	<b>\$ 27,064</b>	<b>\$ 27,064</b>

## APPROVAL OF PROFESSIONAL FEES AND EXPENSES

47. The Monitor and its legal counsel have now rendered their invoices for their respective fees and disbursements for services in connection with the CCAA Proceedings and are seeking approval of this Honourable Court.
48. The Monitor seeks approval from this Honourable Court of the professional fees and disbursements of the Monitor for the period of July 28, 2024 to October 31, 2024 (the “**Monitor Taxation Period**”), and Torys for the period of July 17, 2024 to October 31, 2024 (the “**Torys Taxation Period**”) totalling in aggregate, \$157,183.07 (inclusive of GST).
49. The total fees and expenses of the Monitor during the Monitor Taxation Period are \$54,148.00 (exclusive of GST), a summary of which is included below:

<b>Monitor</b>						
<b>Fees &amp; Disbursements - Taxation Period</b>						
<b>Invoice</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Subtotal</b>	<b>GST</b>	<b>Total</b>
<i>Taxation Period</i>						
#7	28-Jul-24 to 31-Aug-24	\$ 15,454.00	\$ 450.00	\$ 15,904.00	\$ 795.20	\$ <b>16,699.20</b>
#8	1-Sep-24 to 30-Sep-24	\$ 17,224.00	\$ 50.00	\$ 17,274.00	\$ 863.70	\$ <b>18,137.70</b>
#9	1-Oct-24 to 31-Oct-24	\$ 20,920.00	\$ 50.00	\$ 20,970.00	\$ 1,048.50	\$ <b>22,018.50</b>
<b>Total</b>		\$ <b>53,598.00</b>	\$ <b>550.00</b>	\$ <b>54,148.00</b>	\$ <b>2,707.40</b>	\$ <b>56,855.40</b>

50. The total fees and expenses of the Monitor's counsel during the Torys Taxation Period total \$95,550.50 (exclusive of GST), a summary of which is included below:

<b>Torys</b>						
<b>Fees &amp; Disbursements - Taxation Period</b>						
<b>Invoice</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Subtotal</b>	<b>GST</b>	<b>Total</b>
<i>Taxation Period</i>						
1649552	17-Jul-24 to 31-Jul-24	\$ 25,850.00	\$ -	\$ 25,850.00	\$ 1,292.50	\$ <b>27,142.50</b>
1650898	1-Aug-24 to 15-Aug-24	\$ 7,815.50	\$ 70.00	\$ 7,885.50	\$ 394.28	\$ <b>8,279.78</b>
1652969	8-Aug-24 to 31-Aug-24	\$ 13,200.00	\$ -	\$ 13,200.00	\$ 660.00	\$ <b>13,860.00</b>
1652790	1-Sep-24 to 16-Sep-24	\$ 9,845.00	\$ -	\$ 9,845.00	\$ 492.28	\$ <b>10,337.28</b>
1655674	13-Sep-24 to 30-Sep-24	\$ 11,397.50	\$ 8.00	\$ 11,405.50	\$ 569.88	\$ <b>11,975.38</b>
1655661	1-Oct-24 to 16-Oct-24	\$ 9,236.50	\$ -	\$ 9,236.50	\$ 461.83	\$ <b>9,698.33</b>
1657414	15-Oct-24 to 31-Oct-24	\$ 18,128.00	\$ -	\$ 18,128.00	\$ 906.40	\$ <b>19,034.40</b>
<b>Total</b>		\$ <b>95,472.50</b>	\$ <b>78.00</b>	\$ <b>95,550.50</b>	\$ <b>4,777.17</b>	\$ <b>100,327.67</b>

51. The Monitor and its counsel's invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work in question. Copies of the invoices of the Monitor and Torys will be made available to the Court upon request, if necessary.
52. The Monitor respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, given the substantive tasks required to be performed by the Monitor and its legal counsel in connection with the CCAA Proceedings.

## STAY EXTENSION

53. Pursuant to the order granted on August 15, 2024, the stay of proceedings for Spicelo and the Remaining Griffon Entities will expire on November 15, 2024. The Monitor is seeking an extension of the stay of proceedings to February 28, 2025 (the “**Stay Extension**”).
54. The Monitor recommends the Stay Extension for the following reasons:
- a) the Stay Extension will maintain the *status quo* and allow for the Monitor to focus on completing the necessary work to bring the CCAA Proceedings to an orderly conclusion;
  - b) the Stay Extension will allow the Monitor to work with its sales advisor(s) (if required) to liquidate a sufficient amount of the Spicelo Pledged Shares to send the sum of CAD \$1,250,000 to Tamarack’s counsel, which will result in the conclusion of the issue pertaining to marshalling and subrogation;
  - c) the Monitor anticipates that extending the stay of proceedings to February 28, 2025 should provide sufficient time for the Monitor to finalize the administration of the CCAA Proceedings, and does not expect there will be any further stay extension requests;
  - d) the Monitor is not aware of any creditor who will be materially prejudiced by the Stay Extension;
  - e) there continues to be sufficient cash availability forecast during the period of the Stay Extension and there is no interim financing required (and has not required to date); and
  - f) in the Monitor’s opinion, Spicelo and the Remaining Griffon Entities have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

## RECOMMENDATIONS

55. The Monitor respectfully recommends that this Honourable Court approve the following:

- a) a further extension of the stay of proceedings for Spicelo and the Remaining Griffon Entities up to and including February 28, 2025;
- b) authorizing the Monitor to sell or otherwise enter into transactions respecting the Spicelo Pledged Shares, as necessary, in order to satisfy the remaining obligations of the estates; and
- c) approving the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report.

All of which is respectfully submitted this 4<sup>th</sup> day of November, 2024

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Monitor of Spicelo and the Remaining Griffon Entities  
and not in its personal or corporate capacity**



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Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President



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Duncan MacRae, CPA, CA, CIRP, LIT  
Vice President

## **APPENDIX "A"**

## **SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This SETTLEMENT AGREEMENT AND MUTUAL RELEASE (the “**Settlement Agreement**”) is made and entered into this 17<sup>th</sup> day of October, 2024 (the “**Effective Date**”), by and between Spicelo Limited (“**Spicelo**”), an investment company incorporated pursuant to the laws of the Republic of Cyprus and extra-provincially registered in Alberta, Jonathan Klesch (“**Klesch**”) and Tamarack Valley Energy Ltd. (“**TVE**”), a corporation incorporated pursuant to the laws of Alberta.

**WHEREAS** on July 21, 2022, Spicelo entered into a Limited Recourse Guarantee and Securities Pledge Agreement (the “**Spicelo Guarantee**”) for the benefit of Trafigura Canada Limited and Signal Alpha C4 Limited (together, the “**Lenders**”), pursuant to which Spicelo: (i) guaranteed GPOC’s obligations to the Lenders under a Loan Agreement between the Griffon Entities (as defined below), the Lenders, GLAS USA LLC, and GLAS Americas LLC (the “**Collateral Agent**”); and (ii) pledged to the Collateral Agent for the benefit of the Lenders securities owned by Spicelo in the capital of Greenfire Resources Ltd. (the “**Spicelo Pledged Shares**”);

**WHEREAS** on August 25, 2023, Griffon Partners Operation Corporation (“**GPOC**”), Griffon Partners Holding Corporation (“**GPHC**”), Griffon Partners Capital Management Ltd. (“**GPCM**”, and together with GPOC and GPHC, the “**Griffon Entities**”), Stellion Limited, 2437801 Alberta Ltd., 2437799 Alberta Ltd., 2437815 Alberta Ltd., and Spicelo (collectively, the “**Debtors**”) filed Notices of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, RSC 1985, c B-3 (the “**BIA**”) with Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Monitor**”) being appointed as Proposal Trustee of the Debtors (the “**NOI Proceedings**”);

**WHEREAS** on February 7, 2024, the Court of King’s Bench of Alberta (the “**Court**”) granted the Debtors an Initial Order and Amended and Restated Initial Order under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”), which directed the NOI Proceedings under the BIA to be taken up and continued under the CCAA with A&M being appointed as the Monitor of the business and financial affairs of the Debtors (the “**CCAA Proceedings**”);

**WHEREAS** on March 27, 2024, the Court granted an Order in the CCAA Proceedings giving the Monitor enhanced powers (the “**Enhanced Powers**”) over Spicelo and giving the Monitor the authority (amongst other things) to take possession of and exercise control over all of Spicelo’s present and after-acquired assets, property and undertakings, including the Spicelo Pledged Shares;

**WHEREAS** on March 12, 2024, TVE filed an application seeking an Order directing that pursuant to the doctrine of marshalling, the Lenders must realize upon the entirety of the Spicelo Pledged Shares pursuant to the Spicelo Guarantee prior to realizing upon any of the proceeds from the sale of all or any portion of the Debtors’ assets pursuant to the sale and investment solicitation process (the “**SISP**”) ongoing in these NOI Proceedings and CCAA Proceedings;

**WHEREAS** on March 15, 2024, the Debtors filed an application seeking an Order that TVE had no right or entitlement to the Spicelo Pledged Shares;

**WHEREAS** on April 10, 2024, the Court granted a Reverse Vesting Order, approving a sale transaction involving the shares of GPOC, pursuant to which Order the Court approved the purchase and sale of the shares of GPOC and GPOC was released from certain claims (including the claim of TVE) and was removed as a party to the CCAA Proceedings;

**WHEREAS** on May 14, 2024, the Court found that TVE had no claim against the assets of Spicelo and that the Lenders were not required to exhaust their remedies pursuant to the Spicelo Guarantee prior to realizing on the proceeds from the SISP (the “**Marshalling Decision**”);

**WHEREAS** on June 13, 2024, TVE sought leave to appeal the Marshalling Decision;

**WHEREAS** on August 26, 2024, the Court of Appeal of Alberta granted TVE’s application for leave to appeal the Marshalling Decision, and TVE filed a Civil Notice of Appeal in Appeal File Number 2401-0142AC in the Court of Appeal of Alberta (the “**Marshalling Appeal**”); and

**WHEREAS** following good faith negotiations, Spicelo (through the Monitor acting within its Enhanced Powers), Klesch and TVE (collectively, the “**Parties**” and each a “**Party**”) desire to settle and compromise all disputes between them as to the Marshalling Decision, on the terms set forth herein.

**NOW THEREFORE**, in consideration of the mutual promises and covenants contained herein, the Parties hereby stipulate and agree as follows:

1. **Incorporation of Recitals.** The Recitals set forth above are incorporated herein by reference and shall be deemed true and correct representations of the Parties with respect to such statements as apply to each Party.
2. **Payment of the Settlement Amount.** As soon as practicable following execution of this Settlement Agreement, and in any event within 45 days following execution of this Settlement Agreement (or as soon as practical thereafter), the Monitor will work with its sales advisor(s) (if required) to liquidate a sufficient amount of the Spicelo Pledged Shares, whereupon Spicelo (through the Monitor acting within its Enhanced Powers) will send (in accordance with wire instructions provided by counsel for TVE, Stikeman Elliott LLP) (i) the sum of CAD \$1,250,000 (the “**Settlement Amount**”) to TVE’s counsel, (ii) an executed Discontinuance of Appeal without costs for the Marshalling Appeal, and (iii) approval of a joint letter to the Court of King’s Bench of Alberta advising that no costs are claimed in respect of the Marshalling Decision, all of the foregoing being provided to and accepted by TVE in full and final satisfaction of TVE’s appeal of the Marshalling Decision.
3. **Discontinuance of Marshalling Appeal.** The Settlement Amount shall be held in trust by TVE’s counsel and shall not be released by TVE’s counsel unless and until counsel for Spicelo and counsel for the Monitor have been provided with a filed copy of the Notice of Discontinuance for the Marshalling Appeal, which TVE will endeavour to obtain within

30 days of the date of this Settlement Agreement. Should the Notice of Discontinuance for the Marshalling Appeal not be provided by December 16, 2024, the Settlement Amount must be returned by TVE to Spicelo, and this Settlement Agreement will be of no force or effect.

4. **Mutual Release.** In consideration of payment of the Settlement Amount, the Parties hereby irrevocably release, acquit and forever discharge each other and their affiliates, successors, assigns, designees, subsidiaries, employees, shareholders, attorneys, accountants, officers and directors, from any and all claims, actions, liabilities, debts and causes of action, whatsoever, whether in law or in equity, whether known or unknown, which each of them has, ever had, might have had, or might have in the future against each other arising out, pertaining to, or in respect of the issues raised in the Marshalling Decision or the Marshalling Appeal.
5. **No Third-Party Beneficiaries.** Nothing in this Settlement Agreement, express or implied, is intended or shall be construed to confer upon, or give to, any person other than the parties hereto and their respective successors and assigns, any remedy or claim under or by reason of this Settlement Agreement or any terms, covenants or conditions hereof, and all the terms, covenants and conditions, promises and agreements in this Settlement Agreement shall be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns.
6. **No Admission.** The Parties do not by this Settlement Agreement, or otherwise, admit any liability or obligation of any kind to each other, and any such liability or obligation is specifically denied.
7. **No Assignment.** The Parties each warrant that they have made no assignment, and hereafter will make no assignment of any claim, chose in action, right of action, or any other right released pursuant to this Settlement Agreement.
8. **Lawyers' Costs and Fees.** The Parties agree that they shall each bear their respective lawyers' fees and costs relating to the Marshalling Decision or the Marshalling Appeal and implementation of this Settlement Agreement. However, if any action is commenced by any Party hereto to enforce the provisions of this Settlement Agreement, the prevailing Party shall be entitled to an award, in addition to any other claims or damages, of its costs and expenses including lawyers' fees on a full indemnity basis, in connection with said action.
9. **Entire Agreement.** The Parties hereto have fully read and understood this Settlement Agreement and represent that this Settlement Agreement has been explained to them by their respective legal counsel, and that each understands all of the provisions hereto. Further, this Settlement Agreement sets forth the entire agreement and understanding of the Parties hereto with respect to the subject matter herein and supersedes and merges all prior oral and written agreements, discussions and understandings between the Parties with respect thereto, and none of the Parties shall be bound by any conditions, inducements or representations other than as expressly provided for herein. The Settlement Agreement



shall not be modified in any manner except by express written agreement signed by all Parties hereto.

10. **Counterparts.** The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Settlement Agreement may be executed in counterparts and all counterparts so executed shall constitute one Settlement Agreement which shall be binding on the Parties hereto.
11. **Authorization.** The Parties executing this Settlement Agreement each represent and warrant that they have the full authority to execute and deliver this Settlement Agreement and any other and further documents required thereunder.
12. **Choice of Law.** This Settlement Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated, in all respects, as an Alberta contract.
13. **Severability.** In case any provision of this Settlement Agreement shall be determined to be invalid, illegal or unenforceable for any reason, the remaining provisions of this Settlement Agreement shall be unaffected and unimpaired thereby, and shall remain in full force and effect, to the fullest extent permitted by applicable law.
14. **No Waiver.** No term of this Settlement Agreement may be waived, modified or amended except in writing signed by the party against whom enforcement of the waiver, modification or amendment is sought.

**IN WITNESS WHEREOF**, the Parties have caused this Settlement Agreement to be executed by themselves or on their behalf by their respective attorneys as of the date first above mentioned.

**SPICELO LIMITED**



Name: Orest Konowalchuk, LIT  
Title: Senior Vice President

**JONATHAN KLESCH**



**TAMARACK VALLEY ENERGY LTD.**

Name:  
Title:

**ALVAREZ & MARSAL CANADA INC., solely in its capacity as Enhanced Monitor of Spicelo and not in its personal or corporate capacity**



Name: Orest Konowalchuk, LIT  
Title: Senior Vice President

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**SPICELO LIMITED**

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

Title:

**JONATHAN KLESCH**

\_\_\_\_\_

**TAMARACK VALLEY ENERGY LTD.**



\_\_\_\_\_  
Name: Christine Ezinga

Title: VP Business Development &  
Sustainability

**ALVAREZ & MARSAL CANADA INC., solely in its capacity as Enhanced Monitor of Spicelo and not in its personal or corporate capacity**

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

Title: