



COURT FILE NUMBER 2401-01422

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 THE COMPROMISE OR
ARRANGEMENT OF GRIFFON PARTNERS OPERATION
CORPORATION, GRIFFON PARTNERS HOLDING
CORPORATION, GRIFFON PARTNERS CAPITAL
MANAGEMENT LTD., STELLION LIMITED, 2437801
ALBERTA LTD., 2437799 ALBERTA LTD., 2437815 ALBERTA
LTD., and SPICELO LIMITED

DOCUMENT **AFFIDAVIT OF DARYL STEPANIC**

ADDRESS FOR **OSLER, HOSKIN & HARCOURT LLP**

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AFFIDAVIT OF DARYL STEPANIC

SWORN APRIL 8, 2024

I, Daryl Stepanic, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND**
SAY THAT:

1. I am a Director of Griffon Partners Holding Corp. ("**GPHC**") and Griffon Partners Capital Management Ltd. ("**GPCM**", and together with GPHC, the "**Griffon Entities**"). I have been a

Director of each of the Griffon Entities since 2022. Prior to joining the Griffon Entities, I held various Vice President, asset manager, and reservoir engineer positions with Burlington Resources, ConocoPhillips and Fractal Energy Resource Holdings Inc., among others. I am a professional engineer with more than 35 years of experience in oil and gas production, exploitation, marketing, corporate development and acquisition activities and hold a Bachelor of Science in Chemical and Petroleum Engineering from the University of Calgary.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where stated to be based on information and belief, in which case I believe such information to be true. In preparing this Affidavit, I consulted with the Applicants' (as that term is defined below) management teams and advisors and reviewed relevant documents and information concerning the Applicants' operations and business and financial affairs. I am authorized by the Applicants to swear this Affidavit.

3. I swear this Affidavit in support of an application (the "**Application**") by the Applicants for an Order:

- (a) abridging the time for service of notice of this Application (if necessary), deeming service of notice of this Application to be good and sufficient, and declaring that there is no other person who ought to have been served with notice of this Application;
- (b) extending the Stay Period, as defined in paragraph 14 of the Amended and Restated Initial Order granted in these proceedings by the Honourable Justice Johnston on February 7, 2024 (the "**ARIO**"), up to and including May 17, 2024, or such other date as this Court may deem appropriate; and

- (c) granting Alvarez & Marsal Canada Inc., in its capacity as Monitor (as such term is defined below), enhanced powers with respect to the Applicants (the “**Enhanced Powers**”) to:
- (i) to take possession of and exercise control over the Applicants’ present and after-acquired assets, property and undertakings (the “**Property**”), and any and all proceeds, receipts and disbursements arising out of or from the Property, which shall include the Monitor’s ability:
 - (A) to abandon, dispose of, or otherwise release any interest in any of the Applicants’ real or personal property, or any right in any immovable; and
 - (B) upon further order of the Court, to abandon, dispose of, or otherwise release any license or authorization issued by the Alberta Energy Regulator, or any other similar government authority, including the Saskatchewan Ministry of Energy and Resources;
 - (ii) to receive, preserve and protect the Applicants’ Property, or any part or parts thereof;
 - (iii) to manage, operate and carry on the business of the Applicants, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Applicants;
 - (iv) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, financial advisors, investment dealers, the Transaction

Agent (as such term is defined below) and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Monitor's Enhanced Powers conferred by the ARIO;

- (v) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Applicants or any part or parts thereof;
- (vi) to receive and collect all monies and accounts now owed or hereafter owing to the Applicants and to exercise all remedies of the Applicants in collecting such monies, including, without limitation, to enforce any security held by the Applicants;
- (vii) to settle, extend or compromise any indebtedness owing to or by the Applicants;
- (viii) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Applicants' Property or business, whether in the Monitor's name or in the name and on behalf of the Applicants, any one of them, for any purpose pursuant to the ARIO;
- (ix) to undertake environmental or workers' health and safety assessments of the Property and operations of the Applicants;
- (x) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Applicants, the Property or the Monitor (in

relation to the exercise by the Monitor of the Enhanced Powers), and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in the ARIO shall authorize the Monitor to defend or settle the action in which the ARIO was made unless otherwise directed by this Court;

- (xi) to market any or all of the Applicants' Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Monitor in its discretion may deem appropriate;
- (xii) to sell, convey, transfer, lease or assign or otherwise enter into transactions respecting the Applicants' Property or any part or parts thereof out of the ordinary course of business with the approval of this Court and in each such case notice under subsection 60(8) of the Personal Property Security Act, RSA 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.
- (xiii) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Applicants' Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (xiv) to report to, meet with and discuss with such affected persons as the Monitor deems appropriate all matters relating to the Applicants' Property, business, and these proceedings, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;
- (xv) to register a copy of the ARIO and any other orders in respect of the Applicants' Property against title to any of the Applicants' Property;
- (xvi) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Monitor, in the name of the Applicants;
- (xvii) to assign any of the Applicants into bankruptcy, to become the trustee in bankruptcy of any of the Applicants and to take all steps reasonable required to carry out its role as licensed insolvency trustee in bankruptcy of any of the Applicants should the Monitor deem is appropriate in the circumstances to do so;
- (xviii) to enter into agreements with any trustee in bankruptcy appointed in respect of the Applicants, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Applicants;
- (xix) to exercise any shareholder, partnership, joint venture or other rights which the Applicants may have; and

(xx) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

A. Overview of these CCAA Proceedings and the Applicants' Activities

4. On August 25, 2023, Griffon Partners Holding Corporation, Griffon Partners Capital Management Ltd., Stellion Limited, 2437801 Alberta Ltd., 2437799 Alberta Ltd., and 2437815 Alberta Ltd. (collectively, the “**Applicants**”) each filed a Notice of Intention to make a Proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**NOI Proceedings**”). On January 30, 2024, the Applicants filed an originating application under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) seeking to convert the NOI Proceedings to the present CCAA proceedings. Further information regarding the Applicants, the reasons leading to these CCAA proceedings and the Applicants' intended restructuring plans is provided in my Affidavit sworn in these proceedings on January 29, 2024 (the “**Initial Affidavit**”).

5. On February 7, 2024, the Honourable Justice B. Johnston granted an Initial Order under the CCAA (the “**Initial Order**”), pursuant to which the NOI Proceedings were continued under the CCAA, Alvarez & Marsal Canada Inc. was appointed as Monitor (the “**Monitor**”), and an initial stay of proceedings until February 16, 2024 was granted (the “**Initial Stay**”).

6. The Initial Order also approved the engagement of Alvarez & Marsal Canada Securities ULC (the “**Transaction Agent**”) to continue and complete the sale and investment solicitation process (“**SISP**”) approved by this Court by order granted on October 18, 2023 in the NOI Proceedings (the “**SISP Order**”).

7. On February 7, 2024, after granting the Initial Order, the Honourable Justice B. Johnston granted the Applicants' application for the ARIO. Pursuant to the ARIO, the Initial Stay was extended to March 6, 2024 (the "**Stay Period**").

8. The Stay Period was subsequently extended by further Orders of this Court and was most recently extended until April 17, 2024.

B. Concluding the SISP

9. On April 10, 2024, the Applicants will bring an application (the "**Approval Application**") to the Court of King's Bench Alberta (the "**Court**") for an order, *inter alia*, approving the transaction (the "**Transaction**") contemplated by the Share Purchase and Sale Agreement between Metamorphic Energy Corp., GPHC, and GPCM dated March 25, 2024 and granting the reverse vesting structure to effect the transfer and vesting steps necessary to complete the Transaction.

10. The Transaction is the best executable transaction contemplated by the SISP, and represents the culmination of extensive solicitation efforts on the part of the Applicants, Transaction Agent, and the Monitor, which occurred both prior to and after the commencement of the NOI Proceedings. Further information regarding the Transaction and RVO is provided in my affidavit sworn in these proceedings on April 1, 2024.

C. Extension of the Stay Period

11. The Applicants require additional time to consummate the Transaction and to conclude various administrative matters in these insolvency proceedings. It is in the parties' best interest to ensure the stay of proceedings continues beyond April 17, 2024, until such time as the Applicants

can, with the assistance of the Monitor and Transaction Agent, close the Transaction, so as to maintain stability and to reduce the risk of creditors taking advantage of self-help remedies.

12. As discussed above, the Applicants hope to receive Court approval of the Transaction on April 10, 2024, and thereafter conclude the SISP and these insolvency proceedings. The Applicants therefore seek a stay of proceedings against its property until May 17, 2024, to provide stability and maintain the status quo in respect of the Applicants collectively until the Transaction and these proceedings are concluded.

13. As such, circumstances exist that make the requested extension of the Stay Period appropriate, and the Applicants have acted, and are acting, in good faith and with due diligence.

14. I understand that the Fourth Report of the Monitor (the “**Fourth Report**”), includes a cash flow forecast (which may be filed under confidential seal, given the sensitive details concerning the proceeds from the Transaction until the Transaction closes) demonstrating that, subject to the underlying assumptions contained therein, the Applicants will have sufficient liquidity to continue their operations and fund these CCAA proceedings through May 17, 2024. I further understand that the Fourth Report recommends that the Stay Period be extended to May 17, 2024 for all Applicants.

D. Enhanced Powers of the Monitor

15. With the conclusion of the SISP approaching, and the Monitor being granted the Enhanced Powers over Spicelo Limited, an applicant in these proceedings, it appears that the most cohesive, efficient, and organized process to distribute the SISP proceeds and conclude all remaining administrative matters in these CCAA proceedings is for the Monitor to be granted Enhanced

Powers over the Applicants. Amongst other things, this will allow the Monitor to take all necessary remaining steps to conclude these proceedings, and will reduce professional expenses because the Applicants' counsel will no longer need to be involved in these proceedings.

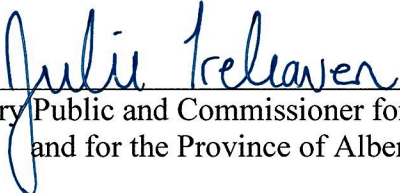
16. For this reason, the Applicants are seeking enhanced powers for the Monitor in order to allow the Monitor to carry out many of the functions, duties and powers that would normally be carried out by the directors of the Applicants, or a Receiver appointed over the Applicants, to ensure an orderly and efficient liquidation of the Applicants' property and business for the benefit of all their stakeholders.

17. I understand that the that the Fourth Report recommends that the Enhanced Powers be granted to the Monitor over all Applicants.

E. Conclusion

18. I make this Affidavit in support of the relief sought in the Application and for no other improper purpose.

SWORN BEFORE ME at Calgary, Alberta,
this 8th day of April, 2024.



Notary Public and Commissioner for Oaths in
and for the Province of Alberta



Daryl Stepanic

Julie Laura Treleaven
Barrister & Solicitor