

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**

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File Number: 1247318

**AFFIDAVIT OF DARYL STEPANIC**  
**SWORN FEBRUARY 26, 2024**

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

1. I am the Chief Executive Officer (“CEO”) and a Director of Griffon Partners Operation Corp. (“GPOC”) and a Director of Griffon Partners Holding Corp. (“GPHC”) and Griffon Partners Capital Management Ltd. (“GPCM”, and together with GPOC and GPHC, the “Griffon

**Entities**”). I have been CEO of GPOC and 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 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 April 17, 2024, or such other date as this Court may deem appropriate; and

- (c) approving the fees and disbursements of Alvarez & Marsal Canada Inc. in its capacity as proposal trustee in the NOI Proceedings (as such term is defined below) and those of the proposal trustee's legal counsel, Torys LLP, from January 1, 2024 to February 6, 2024 (as described in the First Report of the Monitor).

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

4. On January 30, 2024, the Griffon Entities, Spicelo Limited, Stellion Limited, 2437799 Alberta Ltd., 2437801 Alberta Ltd. and 2437815 Alberta Ltd. (collectively, the "**Applicants**") filed an originating application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Further information regarding the Applicants, the reasons leading to these CCAA proceedings and the Applicants' intended restructuring plans is provided in my Affidavit sworn January 29, 2024.

5. On February 7, 2024, the Honourable Justice B. Johnston granted the Applicants an Initial Order under the CCAA (the "**Initial Order**"), pursuant to which the proceedings commenced by the Applicants under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**NOI Proceedings**") were continued under the CCAA, Alvarez & Marsal Canada Inc. was appointed Monitor of the Applicants (the "**Monitor**"), and an initial stay of proceedings until February 16, 2024 was granted (the "**Initial Stay**").

6. 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.

7. Since the granting of the Initial Order and the ARIO, the Applicants have worked diligently and in good faith towards concluding the Sale and Investment Solicitation Process (the “**SISP**”) for the benefit of their stakeholders. The Applicants have, among other things:

- (a) worked in conjunction with the Monitor and Alvarez & Marsal Canada Securities ULC (the “**Transaction Agent**”) to select the Successful Bid (as such term is defined in the SISP); and
- (b) worked in conjunction with the Monitor and the Transaction Agent to prepare materials for the Court to approve the Successful Bid.

8. Further information regarding the Applicants, the Monitor, and the Transaction Agent’s involvement with the SISP since the Initial Order and ARIO is provided in the First Report of the Monitor.

**B. Extension of the Stay Period**

9. The Applicants require additional time to conclude the SISP. It is in the parties’ best interest to ensure the stay of proceedings continues beyond March 6, 2024, until such time as the Applicants can, with the assistance of the Monitor and Transaction Agent, select a Successful Bid under the SISP, return to Court seeking approval of the Successful Bid under the SISP, and then close that transaction, so as to maintain stability and to reduce the risk of creditors taking advantage of self-help remedies.

10. The Applicants expect to return to Court as soon as possible in the coming weeks to seek approval of a transaction pursuant to the SISP, and therefore seek a stay of proceedings against the

Applicants and their property and business until April 17, 2024, to provide stability and maintain the status quo in respect of the Applicants until the SISP has closed.

11. 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.

12. I understand that the First Report will include, among other things, a cash flow forecast 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 April 17, 2024. I further understand that the First Report will recommend that the Stay Period be extended.

SWORN BEFORE ME at Calgary, Alberta,  
this 26<sup>th</sup> day of February, 2024.

**CASSANDRA JEAN BETTS**  
Student-at-Law



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



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Daryl Stepanic