

COURT FILE NUMBER 25-2979735 / B201 979735
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c B-3, AS AMENDED

C100937

AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL 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

APPLICANTS 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 SERVICE **OSLER, HOSKIN & HARCOURT LLP**
AND CONTACT Suite 2700, Brookfield Place
INFORMATION OF 255 – 6th Avenue SW
PARTY FILING THIS Calgary, AB T2P 1N2
DOCUMENT

Solicitors: Randal Van de Mosselaer / Emily Paplawski
Phone: 403.260.7000 / 7071
Email: rvandemosselaer@osler.com / epaplawski@osler.com
Matter: 1247318

AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

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

COURT FILE NUMBER 25-2979735 / B201 979721
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c B-3, AS AMENDED

C100938

AND IN THE MATTER OF THE NOTICE OF INTENTION
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AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

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

COURT FILE NUMBER 25-2979735 / B201 979725
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c B-3, AS AMENDED

C100939

AND IN THE MATTER OF THE NOTICE OF INTENTION
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AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

I, Daryl Stepanic, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND**
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COURT FILE NUMBER ~~25-2979735~~ / B201 979732

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c B-3, AS AMENDED

C100940

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AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

I, Daryl Stepanic, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND**
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COURT FILE NUMBER ~~25-2979735~~ / B201 979736

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c B-3, AS AMENDED

C100941

AND IN THE MATTER OF THE NOTICE OF INTENTION
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AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

I, Daryl Stepanic, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND**
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COURT FILE NUMBER ~~25-2979735~~ / B201 979737

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c B-3, AS AMENDED

C100942

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AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

I, Daryl Stepanic, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND**
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COURT FILE NUMBER ~~25-2979735~~ / B201 979738

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
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I, Daryl Stepanic, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND**
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COURT COURT OF KING'S BENCH OF ALBERTA

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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
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AFFIDAVIT OF DARYL STEPANIC
SWORN OCTOBER 10, 2023

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

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. and Griffon Partners Capital Management Ltd. (collectively, 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. 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 (the “**SISP Approval Order**”) approving the sales and investment solicitation process (“**SISP**”) attached as Appendix “A” to the SISP Approval Order to be undertaken by the Applicants, Alvarez and Marsal Canada Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”), and Alvarez & Marsal Canada Securities ULC, in its capacity as the transaction agent (the “**Transaction Agent**”) and authorizing and directing them to implement the SISP in accordance with the terms thereof.

4. Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the SISP.

A. Background

5. On August 25, 2023, the Griffon Entities, Spicelo Limited (“**Spicelo**”), Stellion Limited, 2437799 Alberta Ltd., 2437801 Alberta Ltd. and 2437815 Alberta Ltd. (collectively with the Griffon Entities, the “**Applicants**”) filed Notices of Intention to Make a Proposal (the “**NOI Proceedings**”) with the Office of the Superintendent of Bankruptcy Canada pursuant to section 50.4(1) of *the Bankruptcy and Insolvency Act*, R.S.C. 1985, as amended (the “**BIA**”). Further information with respect to the Applicants and these NOI Proceedings is provided in my affidavit sworn September 14, 2023 (the “**First Stepanic Affidavit**”). This Affidavit should be read in conjunction with the First Stepanic Affidavit, a copy of which is attached hereto (without exhibits) as **Exhibit “A”**.

6. On September 22, 2023, the Alberta Court of King’s Bench (the “**Court**”) granted an Order granting an extension of time for the Applicants to file a proposal with the Official Receiver under section 50.4(9) of the BIA to November 8, 2023 and approving the Applicants’ engagement of the Transaction Agent. A copy of the Order is attached hereto as **Exhibit “B”**.

B. The SISP

(a) Overview

7. As discussed in the First Stepanic Affidavit, the Applicants engaged the Transaction Agent to assist them in canvassing the market for a refinancing transaction to right size their balance sheet and take out Trafigura Canada Limited and Signal Alpha C4 Limited (together, the “**Lenders**”). At the time of the First Stepanic Affidavit, the Transaction Agent’s efforts were in their early stages and additional time was required for a marketing process to be finalized. The

Court expressly noted in granting an extension of the stay period in the NOI Proceedings to November 8, 2023 that:

In this case I accept that what the applicants are proposing this time is different and includes engaging a refinancing advisor, which could have the impact of repaying the lender in full. Indeed, the proposal (WEBEX AUDIO INTERRUPTED) is indeed to pay all of the creditors in full. I also note that the proposal provides an opportunity for the business to continue to operate and the stay would provide an opportunity for the applicants to attempt to restructure on a going concern basis. I've also considered that the market conditions are improved and that any proposal will be with the full oversight of the proposal trustee. I find this part of the test has been satisfied.

8. Since the engagement of the Transaction Agent in mid-September, the Applicants have worked with the Transaction Agent and the Proposal Trustee to develop the SISP to provide a fair and reasonable process to canvass the market for an executable transaction for the benefit of all stakeholders.

9. Pursuant to the SISP, the Applicants are proposing to solicit interest in, and opportunities for: (a) the purchase of some or all of the assets of the Griffon Entities (each, an “**Asset Transaction**”); (b) an investment in the Griffon Entities, including through the purchase or acquisition of the shares of some or all of the Griffon Entities (each, a “**Share Transaction**”); (c) a refinancing of the Applicants through the provision of take out or additional financing in the Applicants (each, a “**Refinancing Transaction**”); or (d) some combination thereof (each, a “**Transaction**”). All Asset Transactions or Share Transactions will be on an “as is, where is” basis without surviving representations, warranties, covenants or indemnities of any kind (except as may be otherwise provided in the Definitive Agreement).

10. All interested parties are encouraged under the SISP to submit Qualified Bids (as defined below) based on any configuration they wish provided, however, that no Asset Transaction or Share Transaction under the SISP is permitted to include the shares or assets of Spicelo. In all

cases, the shares and/or assets of Spicelo are limited in the SISP to a Refinancing Transaction. This limitation is based on, and is necessary to comply with, the terms of the Lock-Up Agreement between Greenfire Resources Inc., M3-Brigade Sponsor III LP, Spicelo, and the other parties listed in Schedule 1 thereto (the “**Lock-Up Agreement**”) which, among other things, imposes certain transfer restrictions on Spicelo for a period of time. The Lock-Up Agreement is discussed at length in the First Stepanic Affidavit. A copy of the Lock-Up Agreement is attached hereto as **Exhibit “C”**.

11. The SISP is proposed to be conducted by the Applicants and the Proposal Trustee, in consultation and with the assistance of the Transaction Agent. A summary of the significant dates and processes within the proposed SISP as follows:

Date	Event
October 25, 2023	Transaction Agent shall advertise SISP and distribute Teaser and NDA
January 8, 2024	Due diligence period (NDAs signed, access to VDR granted and site visits organized)
January 8, 2024	Final Bid Deadline
January 15, 2024	Bid assessment
January 22, 2024	Notification of Auction Date (if applicable)
January 24, 2024	Auction Date (if applicable)
~ January 26, 2024 (if no Auction) ~ February 5, 2024 (if Auction)	Period of time to finalize definitive documents for Successful Bid (if applicable)
~ January 30, 2024 (if no Auction) ~ February 9, 2024 (if Auction)	Court approval of Successful Bid (if applicable)

12. The SISP permits the Proposal Trustee to make any adjustments to the foregoing timeline that it determines are reasonably necessary in order to accommodate unforeseen circumstances and/or best facilitate the SISP to maximize the value of the Applicants for the benefit of

stakeholders, in all cases upon notice to all interested parties actively participating in the SISP at the applicable time.

(b) Solicitation of Interest

13. The SISP contemplates that, as soon as reasonably practicable following the issuance of the SISP Approval Order, the Transaction Agent will, in consultation with the Applicants and the Proposal Trustee, prepare: (a) an initial list of prospective bidders which includes both strategic and financial parties who, in the reasonable business judgment of the Transaction Agent and the Debtors, and in consultation with the Proposal Trustee, may be interested in and have the financial capacity to make a Qualified Bid (each, a **“Prospective Bidder”**); and (b) an initial offering summary (the **“Teaser”**) describing and outlining the SISP and inviting Prospective Bidders to make a Qualified Bid.

14. The SISP further requires the Transaction Agent, in consultation with the Applicants and the Proposal Trustee, to publish a notice regarding the SISP in the BOE Report / Daily Oil Bulletin and the Globe & Mail and to distribute the Teaser to Prospective Bidders with a draft confidentiality and nondisclosure agreement (the **“NDA”**), in each case by no later than 7 calendar days of the issuance of the SISP Approval Order.

15. Any Prospective Bidder or other interest party who delivers an executed NDA and an executed letter acknowledging receipt of a copy of the SISP Approval Order and agreeing to accept and be bound by the terms thereof, and who Transaction Agent (in consultation with the Debtors and the Proposal Trustee) determines has a reasonable prospect of completing a Transaction, will be deemed a **“Qualified Bidder”** for purposes of the SISP.

16. All Qualified Bidders will be given access to a confidential virtual data room containing financial and other information relating to the shares, assets, property and business of the Debtors. Qualified Bidders may also access on-site inspections, presentations by the Applicants, and other items which may be reasonably requested by the Qualified Bidders, in each case at the discretion of the Debtors in consultation with the Proposal Trustee and the Transaction Agent.

(c) Qualified and Successful Bids

17. A Qualified Bidder that wishes to propose a Transaction must deliver a final, written, binding offer (each, a **“Final Bid”**) to the Proposal Trustee so as to be actually received by the Proposal Trustee not later than 4:00 p.m. (Calgary time) on January 8, 2024, or such later date as may be agreed by Debtors and the Proposal Trustee, and communicated in writing to all Qualified Bidders (the **“Final Bid Deadline”**).

18. In order to constitute a **“Qualified Bid”**, each bid must:

- (a) have been received by the Final Bid Deadline;
- (b) include a Definitive Refinancing Agreement, Definitive Purchase Agreement, or a Definitive Hybrid Agreement (each, a **“Definitive Agreement”**);
- (c) include a statement:
 - (i) that the Final Bid is submitted in good faith, is binding and is irrevocable until there is a Successful Bid (defined below); provided, however, that if such bid is selected as the Successful Bid, it shall remain irrevocable until the closing of the Successful Bid;
 - (ii) that the Qualified Bidder will bear its own costs and expenses (including legal and advisor fees) in connection with the proposed transaction; and

- (iii) full disclosure regarding the identity of each person that is bidding or that will otherwise be sponsoring or participating in the Qualified Bid;
- (d) provides evidence, satisfactory to the Applicants and the Proposal Trustee, of:
 - (i) compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals; and
 - (ii) a firm, irrevocable financial commitment for all required funding or financing or evidence of the Qualified Bidder's financial wherewithal to close the bid using unencumbered funds on hand;
- (e) does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment and is not conditional upon approval from the Qualified Bidder's board of directors (or comparable governing body) or equity holder(s), the outcome of unperformed due diligence by the Qualified Bidder, and/or the bidder obtaining financing;
- (f) includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Qualified Bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the Definitive Agreement; (iii) is a sophisticated party capable of making its own assessments in respect of its Qualified Bid; and (iv) has had the benefit of independent legal advice in connection with its Qualified Bid;
- (g) is accompanied by a refundable deposit payable to the Proposal Trustee, in trust, in an amount equal to ten percent (10%) of the cash consideration or other consideration to be paid pursuant to the Qualified Bid; and

- (h) provides such further or other information as may be reasonably requested by the Applicants and/or the Proposal Trustee.

19. The Proposal Trustee may, in its reasonable discretion, and in consultation with the Debtors, waive compliance with any one or more of the foregoing Qualified Bid requirements, and deem a non-compliant bid to be a Qualified Bid in accordance with the SISP Procedures. In addition, if the Proposal Trustee is not satisfied with the number or terms of the Qualified Bids received in the SISP, the Proposal Trustee may, in consultation with the Debtors, extend the Final Bid Deadline without Court approval.

20. Following the Final Bid Deadline, the Applicants and the Proposal Trustee will assess the Qualified Bids received, if any, and will determine whether it is likely that the transactions contemplated by such Qualified Bids are likely to be consummated. If the Applicants and the Proposal Trustee determine that one or more Qualified Bids were received and it is likely that the transactions contemplated by such Qualified Bids will be consummated:

- (a) the Proposal Trustee, with the consent of the Applicants, may advise all Qualified Bidders that an auction (the “**Auction**”) will be held and that such Qualified Bidders are entitled to participate in the Auction; or
- (b) the Applicants, in consultation with the Proposal Trustee, may select the superior Qualified Bid (the “**Successful Bid**” and the bidder thereof, the “**Successful Bidder**”) and file an application to the Court to approve such Successful Bid.

21. If an Auction is held, it will be conducted by the Proposal Trustee and completed in accordance with the procedures set out in the SISP. At the end of the Auction, the Proposal Trustee will announce both the Successful Bid and the next highest or otherwise best Qualified Bid which

will be designated as the backup bid (the “**Backup Bid**”). The Backup Bid must remain open until the earlier of 2 business days after the date of closing of the Successful Bid and February 16, 2024 (the “**Outside Date**”).

22. The Applicants will apply to the Court for an order approving the Successful Bid and the Backup Bid and/or the mechanics to authorize the Applicants to complete the transactions contemplated thereby, as applicable, on or before February 9, 2024, subject to Court availability.

23. All deposits of all Qualified Bidders not selected as the Successful Bidder or Backup Bidder will be returned to such bidders within 5 business days of Court approval of the Successful Bid and Backup Bid. If the Auction does not take place or the SISP is terminated in accordance with the provisions thereof, all deposits will be returned within 5 business days of the date upon which it is determined that the Auction will not take place or the SISP is terminated, as applicable.

(d) Summary of the SISP

24. The SISP was developed by the Applicants in consultation and with the input of both the Proposal Trustee and the Transaction Agent. A copy of the SISP (excluding specific dates for the completion of steps thereunder) was circulated to counsel for the Lenders and for Tamarack Valley Energy Ltd. (“**TVE**”) (a subordinate secured creditor of the Griffon Entities) on October 2, 2023. An updated draft of the SISP with all specific dates in the proposed schedule incorporated was circulated to counsel for the Lenders and TVE on October 5, 2023. Both stakeholders have had significant time to review, consider and provide input on the terms of the SISP.

25. Counsel for the Lenders has advised the Proposal Trustee, the Transaction Agent and counsel for the Applicants that the Lenders do not agree with the timelines in the SISP and believe

that the process should be significantly abridged. The Proposal Trustee and the Applicants have incorporated the Lenders' comments on the SISP schedule to the extent possible. However, as confirmed in the correspondence from counsel for the Proposal Trustee attached hereto as **Exhibit "D"**, any further abridgement risks undermining the viability of the SISP and deterring participation by Prospective Bidders.

26. The Applicants are of the view that the timelines set out in the SISP are appropriate and will allow interested parties to participate in the SISP in a fulsome manner. The timelines in the SISP were developed with the advice of the Transaction Agent regarding the time it needed to properly develop the Teaser and establish the VDR, and the time that third parties would require to due diligence the various potential Transaction structures permitted by the SISP. I have been advised by the Transaction Agent that the due diligence process for a Refinancing Transaction is typically more extensive and lengthier than the due diligence process for an Asset Transaction or a Share Transaction and, as a result, must be reflected in the timelines established under the SISP. The Transaction Agent has advised the Applicants that a more abbreviated timeline would risk compromising the process and eliminating some parties who might otherwise be interested in making a bid under the SISP.

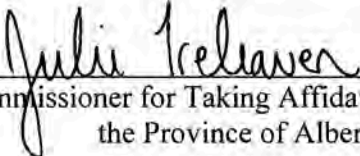
27. The Applicants are also of the view that the SISP provides a fair and reasonable process to canvass the market for a value maximizing transaction which balances the respective interests of the Lenders, the Applicants and all Prospective Bidders. Among other things, the SISP permits the Proposal Trustee to consult with the Lenders regarding developments in the SISP and/or the selection of a Successful Bid if either: (a) the Lenders or a specific Lender provide(s) written confirmation to the Proposal Trustee that they/it will not participate in the SISP as a Qualified

Bidder or submit either a Final Bid or a Qualified Bid within the SISP, or (b) fail to submit a Final Bid which has been deemed a Qualified Bid.

28. Further, as noted in Exhibit "D", the Proposal Trustee invited the Lenders to submit a term sheet to act as a stalking horse bidder in the SISP after they expressed interest in same. The Lenders have declined to do so. Accordingly, like any Prospective Bidder, the Lenders are entitled to participate in the SISP in accordance with the terms thereof if they so elect.

29. The Applicants accordingly seek the SISP Approval Order from this Honourable Court approving the SISP and authorizing the Applicants, the Proposal Trustee and the Transaction Agent to implement the SISP in accordance with the terms thereof. I understand that the Proposal Trustee supports the Applicants' request for approval of the SISP.

SWORN BEFORE ME this 10th day of October, 2023 in the City of Calgary, in the Province of Alberta.



Commissioner for Taking Affidavits in and for
the Province of Alberta

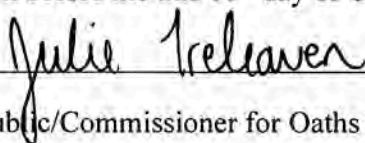
JULIE LAURA TRELEAVEN
Commissioner for Oaths
in and for
the Province of Alberta



Daryl Stepanic

This is **Exhibit "A"** to the Affidavit of Daryl Stepanic

sworn before me this 10th day of October 2023.

A handwritten signature in black ink, reading "Julie Treleven", is written over a horizontal line.

Notary Public/Commissioner for Oaths in and for Alberta

JULIE LAURA TRELEAVEN
Commissioner for Oaths
in and for
the Province of Alberta

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c B-3, AS AMENDED

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DOCUMENT

AFFIDAVIT OF DARYL STEPANIC

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Solicitors: Randal Van de Mosselaer / Emily Paplawski
Phone: 403.260.7000 / 7071
Email: rvandemosselaer@osler.com / epaplawski@osler.com
Matter: 1247318

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

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COURT

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COURT

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**AFFIDAVIT OF DARYL STEPANIC
SWORN SEPTEMBER 14, 2023**

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

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 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) approving an extension of the time for the Applicants to file a proposal to November 8, 2023, pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (“**BIA**”);
- (b) granting a first ranking administration charge to Alvarez & Marsal Canada Inc. (“**A&M**”), in its capacity as Trustee under the Notices of Intention to Make a Proposal filed by the Applicants (the “**Proposal Trustee**”), counsel to the Proposal Trustee and the Applicants’ counsel, as security for their professional fees and disbursements up to the maximum amount of \$500,000 (the “**Administration Charge**”);
- (c) granting a second ranking charge to the Applicants’ directors and officers as security for any obligations and liabilities they may incur as directors and officers of the Applicants after August 25, 2023, up to the maximum amount of \$250,000 (the “**D&O Charge**”);
- (d) declaring that the Administration Charge and D&O Charge (together, the “**BIA Charges**”) are priority charges that rank ahead of any and all charges, security interests, liens, trusts, deemed trusts and encumbrances against the Property, including liens and trusts created by federal and provincial legislation, and that the BIA Charges rank, as between themselves, in the following order of priority:
 - (i) First, the Administration Charge;
 - (ii) Second, the D&O Charge;

- (e) approving the Engagement Letter between Alvarez & Marsal Canada Securities ULC (the “**Refinancing Advisor**”) and GPOC, dated September 11, 2023 (the “**Engagement Letter**”);
 - (f) directing that the Engagement Letter be sealed by the Clerk of the Court, and no persons other than the parties (and their respective successors and assigns), their counsel and Court personnel be given access;
 - (g) authorizing the Applicants, *nunc pro tunc*, with the consent of the Proposal Trustee to make payments up to a maximum aggregate amount of \$1,000,000 for goods or services supplied to the Applicants prior to the filing of the NOIs (as defined below) if, in the opinion of the Applicants, and with the consent of the Proposal Trustee, the supplier or vendor of such goods or services is determined by the Applicants to be necessary to its ongoing operations and/or restructuring efforts; and
 - (h) directing that the proposal proceedings and estates of the Applicants shall be procedurally consolidated and shall continue under a single estate (each individual estate being an “**Estate**”, and the consolidated estate being the “**Consolidated Estate**”), authorizing and directing the Proposal Trustee to administer the Estates making up the Consolidated Estate on a consolidated basis, and granting ancillary relief arising from the procedural consolidation of the Estates.
4. All references to monetary amounts in this Affidavit are in Canadian dollars unless otherwise noted.

A. Notice of Intention to Make a Proposal

5. For the reasons described below, on August 25, 2023, each of the Applicants filed Notices of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy Canada pursuant to section 50.4(1) of the BIA in Estate numbers 25-2979721, 25-2979725, 25-2979732, 25-2979735, 25-2979736, 25-2979737, 25-2979738, and 25-2979739 (the “**NOIs**”). A&M was appointed Proposal Trustee in each of the Applicants’ proceedings. Attached as **Exhibit “A”** are copies of the NOIs.

B. The Applicants’ Businesses

(a) Corporate Structure

6. All of the Griffon Entities are private corporations existing under the laws of the Province of Alberta, with their registered offices in Calgary, Alberta. GPCM is the ultimate parent company of the Griffon Entities. GPHC and GPOC are wholly-owned, direct subsidiaries of GPCM.

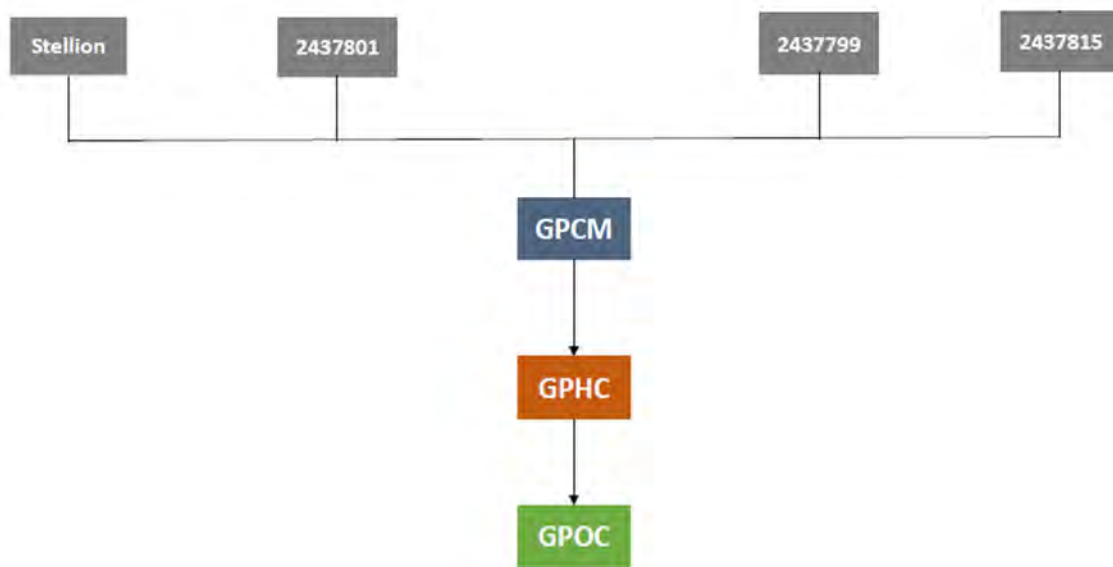
7. Each of the Griffon Entities (other than GPHC) has four directors: Elliott Choquette, Jonathan Klesch, Trevor Murphy and myself, all of whom have been directors of the Griffon Entities since the incorporation of each company in 2022. GPHC has one additional director, Dave Gallagher, who is a nominee of Signal (as defined below).

8. GPCM is wholly-owned by four holding companies which are, in turn, each owned by a director of the Griffon Entities. Specifically: (a) 2437801 Alberta Ltd. holds 1 class A common share and 8,500 class B common shares of GPCM and is owned by Mr. Choquette; (b) Stellion Limited (“**Stellion**”) holds 1 class A common share and 79,500 class B common shares of GPCM and is beneficially owned by Mr. Klesch; (c) 2437799 Alberta Ltd. holds 1 class A common share and 6,000 class B common shares of GPCM and is owned by Mr. Murphy; and (d) 2437815

Alberta Ltd. (“**Stepanic Shareholder Corp.**”) holds 1 class A common share and 6,000 class B common shares of GPCM and is owned by me. Each of the foregoing entities is referred to in this Affidavit as the “**Shareholder Corporations**”.

9. All of the Shareholder Corporations are incorporated pursuant to the laws of the Province of Alberta other than Stellion, which is incorporated pursuant to the laws of the Republic of Cyprus and extra provincially registered in Alberta.

10. A copy of the corporate chart showing the structure of the Griffon Entities and each of the Shareholder Corporations is attached hereto as **Exhibit “B”**. A simplified version of the corporate chart is below:



11. In addition to the Griffon Entities and the Shareholder Corporations, Spicelo Limited is an investment company incorporated pursuant to the laws of the Republic of Cyprus and extra-provincially registered in Alberta (“**Spicelo**” and together with the Griffon Entities and the Shareholder Corporations, the “**Applicants**”). Mr. Klesch is the sole beneficial shareholder of Spicelo. As discussed further below, Spicelo, like each of the Shareholder Corporations, is party

to a Limited Recourse Guarantee and Securities Pledge Agreement granted in favour of Trafigura Canada Limited (“**Trafigura**”) and Signal Alpha C4 Limited (“**Signal**” and together, the “**Lenders**”) to secure all of GPOC’s obligations under a Loan Agreement between GPOC (as borrower), GPCM and GPHC (as guarantors), the Lenders, GLAS USA LLC (the “**Administrative Agent**”), and GLAS Americas LLC (the “**Collateral Agent**”) dated July 21, 2022 (as amended by First Amending Agreement to the Griffon Partners Operation Corp. Loan Agreement, made effective as of August 31, 2022, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the “**Amended Credit Agreement**”). Spicelo’s most significant asset is 1,125,002 common shares held in the capital of Greenfire Resources Inc. (“**Greenfire**” and the shares held by Spicelo, the “**Greenfire Shares**”).

12. Copies of Alberta corporate searches for each of the Applicants are attached hereto as **Exhibit “C”**.

(b) The Griffon Entities’ Business

13. The Griffon Entities’ business is focused on the exploration and development of light oil and natural gas liquids in the Viking formation in western Saskatchewan and eastern Alberta. All of the Griffon Entities’ oil and natural gas interests are held in the name of or otherwise through GPOC, which conducts all business and operations on behalf of the Griffon Entities.

14. GPOC holds rights in more than 120,000 acres in the Viking light oil and natural gas fairway. All of the Griffon Entities’ current oil and gas production and related assets were acquired by GPOC from Tamarack Valley Energy Ltd. (“**Tamarack**”) in July 2022 for a purchase price of \$70 million, funded in part by financing accessed by GPOC pursuant to the Amended Credit

Agreement and in part by a Subordinated Secured Promissory Note in the amount of \$20 million granted by GPOC in favour of Tamarack (the “**Subordinated Tamarack Note**”).

15. As at December 31, 2022, the Griffon Entities had total proved reserves of approximately 6.06 million barrels of oil equivalent (“**MBOE**”) and total proved plus probable reserves of approximately 9.73 MBOE, based on forecast prices and costs. The net present value of future net revenue before taxes discounted at a rate of 10% of such proved reserves is approximately \$90 million and proved plus probable reserves is \$152.5 million.

16. The Griffon Entities’ average daily production for the year ended December 31, 2022 totaled 1,679 barrels per day, comprised of approximately 30% light oil, 50% natural gas and 20% natural gas liquids.

17. All of the Griffon Entities’ commodity production is marketed and sold by Trafigura pursuant to the terms of the following marketing agreements: (a) General Terms – Crude Oil Purchase Sale Agreement – Wellhead, dated July 21, 2022 between Trafigura and GPHC; (b) General Terms – LPG Mix Purchase and Sale Agreement, dated July 21, 2022 between Trafigura and GPHC; and (c) GasEDI Base Contract for Sale and Purchase of Natural Gas, dated July 21, 2022 between Trafigura and GPCM. By email dated September 8, 2023, Trafigura confirmed that it would continue delivering all revenues and other deliverables to the Griffon Entities in the normal course pursuant to the applicable marketing agreement on the 25th day of each month, notwithstanding these proceedings. A copy of the email from Trafigura is attached hereto as **Exhibit “D”**.

18. As at the date of this Affidavit, the Griffon Entities do not have any employees. Instead, GPOC has engaged 13 full time consultants and 3 part time consultants to provide field labour, administrative, management and other business-critical services to GPOC.

(c) Shareholder Corporations and Spicelo

19. I am advised by Messrs. Choquette, Klesch and Murphy that the only assets held by their respective Shareholder Corporations are the GPCM common shares. I confirm the same with respect to the Stepanic Shareholder Corp.

20. I am further advised by Mr. Klesch that the only significant asset held by Spicelo are the Greenfire Shares. The Greenfire Shares are comprised of approximately 1.125 million common shares in Greenfire, a private Alberta corporation specializing in the acquisition, development and production of oil and gas assets in Western Canada.

C. Financial Position of the Applicants

21. The Griffon Entities' financial reporting is completed on a consolidated basis and reported through GPCM. Attached as **Exhibit "E"** is a copy of GPCM's Consolidated Financial Statements for the period from date of incorporation (April 6, 2022) to December 31, 2022. Attached as **Exhibit "F"** is a copy of GPCM's Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2023. These financial statements are the Griffon Entities' most recent annual and quarterly financial statements.

22. Attached as **Exhibit "G"** are Alberta Personal Property Security Registry searches for each of the Applicants.

(a) Assets

23. As of June 30, 2023, the Griffon Entities had total assets having a book value of approximately \$69 million CAD, broken down as follows:

Current Assets: \$6.2 million	
Cash	\$452,000
Inventories	\$152,000
Accounts Receivables	\$2,004,000
Prepaid Expenses & Deposits	\$1,246,000
Derivative Financial Instruments	\$2,365,000
Non-Current Assets: \$62.2 million	
Derivative Financial Instruments	\$269,000
Property, Plant & Equipment	\$61,902,000

(b) Liabilities

24. As of June 30, 2023, the Griffon Entities had total liabilities of approximately \$75 million CAD, broken down as follows:

Current Liabilities: \$47 million	
Accounts Payable	\$3,538,000
Decommissioning Obligations	\$294,000
Senior Secured Term Loan	\$43,150,000
Non-Current Liabilities: \$28.4 million	
Promissory Note	\$22,279,000
Decommissioning Obligations	\$6,060,000

(c) Shareholder Equity

25. As at June 30, 2023, the shareholders equity in the Griffon Entities held by GPCM was valued at negative \$6.93 million CAD.

(d) Secured Debt of the Griffon Entities

i. Amended Credit Agreement

26. GPOC (as borrower), GPCM and GPHC (as guarantors), the Lenders, the Collateral Agent and the Administrative Agent are party to the Amended Credit Agreement. A copy of the Amended Credit Agreement is attached hereto as **Exhibit “H”**.

27. Pursuant to the Amended Credit Agreement, the Lenders made a non-revolving, single advance, term loan facility in the maximum principal amount of US\$35,869,565.21 available to GPOC to fund a portion of the acquisition of the Tamarack assets. Borrowings under the Amended Credit Agreement bear interest at a rate of prime plus 9.5% per annum. The Amended Credit Agreement requires, among other things, that GPOC pay on the first day of each month commencing on October 1, 2022, a monthly installment of outstanding principal equal to the amount set forth in the “Amortization Schedule” to the Amended Credit Agreement, and all interest accrued on the outstanding principal then unpaid.

28. All obligations under the Amended Credit Agreement are secured against all present and after-acquired personal property of the Griffon Entities pursuant to the terms of Fixed and Floating Charge Debentures, dated July 21, 2022 between each of GPCM, GPHC, and GPOC and the Collateral Agent (as amended by the First Amending Agreement, dated August 31, 2022, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the “**Debentures**”), and Guarantees, dated July 21, 2022 between each of GPCM, GPHC and the Collateral Agent (as amended by the First Amending Agreement, dated August 31, 2022, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the “**Guarantees**”). Copies of the Debentures and Guarantees are attached hereto as **Exhibits “I” and “J”**.

29. In addition to the Debentures and Guarantees:

- (a) GPCM and GPHC executed Securities Pledge Agreements in favour of the Collateral Agent, as amended by the First Amending Agreement to the GPCM Securities Pledge Agreement, dated August 31, 2022, copies of which are attached hereto as **Exhibit “K”**;
- (b) the Shareholder Corporations executed a Limited Recourse Guarantee and Securities Pledge Agreement, dated July 21, 2022, in favour of the Collateral Agent which, pursuant to the terms thereof, is limited to the securities held by each in the capital of GPCM, all substitutions and replacements of such securities, and all proceeds derived directly or indirectly from dealing with such securities. A copy of the Shareholder Corporations’ Limited Recourse Guarantee and Securities Pledge Agreement is attached hereto as **Exhibit “L”**; and
- (c) Spicelo executed a Limited Recourse Guarantee and Securities Pledge Agreement, dated July 21, 2022, in favour of the Collateral Agent which, pursuant to the terms thereof, is limited to the securities held by Spicelo in the capital of Greenfire, all substitutions and replacements of such securities, all proceeds derived directly or indirectly from dealing with such securities, and all present and after acquired rights of Spicelo in a specified collateral account. A copy of Spicelo’s Limited Recourse Guarantee and Securities Pledge Agreement is attached hereto as **Exhibit “M”**.

30. As of August 16, 2023, USD \$37,938,054.69 (inclusive of the “MOIC Amount”, as defined in the Amended Credit Agreement) or approximately CAD \$51,600,000 is outstanding under the Amended Credit Agreement.

ii. Subordinated Tamarack Note

31. GPOC is indebted to Tamarack pursuant to the Subordinated Tamarack Note issued July 21, 2022 in the amount of \$20 million CAD. The Subordinated Tamarack Note is secured against the property of GPOC, including all real and immovable property, all present and after-acquired personal property, and all proceeds derived from GPOC's personal property. The Subordinated Tamarack Note bears interest at a rate of 12% per annum payable semi-annually in arrears on June 30th and December 31st of each calendar year, commencing on December 31, 2022 and continuing to the maturity date (July 21, 2025). Any interest under the Subordinated Tamarack Note that is not paid when due bears interest at the interest rates plus 2% per annum during the period in arrears. A copy of the Subordinated Tamarack Note is attached hereto as **Exhibit "N"**.

32. As of August 16, 2023, \$22,654,400.93 is outstanding under the Subordinated Tamarack Note.

iii. Tamarack Intercreditor Agreement

33. GPOC, Tamarack, and the Collateral Agent are party to an Intercreditor Agreement, dated July 21, 2022 pursuant to which Tamarack agreed to subordinate all security interests granted with respect to the Subordinated Tamarack Note to all senior loan obligations outstanding under the Amended Credit Agreement and any swap obligations outstanding at any given time to Trafigura (all of which were terminated and unwound in July 2023). A copy of the Intercreditor Agreement is attached hereto as **Exhibit "O"**.

(e) Unsecured Debt

34. As at August 25, 2023, the Griffon Entities had liabilities of \$2,255,686.84 due and owing to unsecured trade creditors and intercompany obligations as between various of the Applicants as

follows: (a) \$629,660 owing by GPCM to GPOC; (b) \$20,972.95 owing by GPHC to GPOC; and (c) \$15,273.91 owing by Stellion to Spicelo.

35. As at the date of this Affidavit, the Griffon Entities are current on all royalty, rental, and other regulatory obligations to Alberta Energy, the Saskatchewan Ministry of Energy and Resources, and the Alberta Energy Regulator (“AER”). Royalties owing by the Griffon Entities for July 2023 will come due and owing on September 15, 2023.

D. Events Leading to the Applicants’ Insolvency

(a) Acquisition of the Tamarack Assets and Drilling Program Issues

36. As noted above, the Griffon Entities’ current portfolio of oil and gas assets is comprised entirely of the Viking assets purchased by GPOC from Tamarack in 2022. The acquisition of the Tamarack assets by GPOC in 2022 was part of a larger business plan prepared by the Griffon Entities in the Fall of 2022 to acquire oil and gas assets across Western Canada capable of generating production volumes of 15,000 to 20,000 boe/d, or more. The transaction with Tamarack was expected to add approximately 2,000 boe/d (50% oil and natural gas liquids) of production to the Griffon Entities’ portfolio and to be accretive, and fit within a broader acquisition strategy, to develop economies of scale and greater production volumes. At the time of the Tamarack transaction, the Griffon Entities had three other potential transactions subject to letters of intent and ongoing negotiation. Tamarack was the smallest of the four intended transactions.

37. Throughout the late summer and early fall of 2022, the Griffon Entities continued to negotiate the remaining three transactions, however for various reasons, two of the transactions failed to proceed and no binding agreements were ever finalized. Negotiation of the third

transaction took significantly longer than expected and, as discussed further below, a Share Purchase and Sale Agreement was only signed by GPCM and the proposed vendor on May 30, 2023. That transaction remains subject to various closing conditions including, most importantly, approval by the AER of all applicable license transfers.

38. The foregoing left the Griffon Entities in a difficult position as the viability of their business plan now depended on a more significant production base than that offered by the Tamarack assets alone. The Griffon Entities' Proved Developed Producing ("**PDP**") forecast indicated that within a reasonable range of commodity prices, production from the Tamarack assets alone would be insufficient for the Griffon Entities to meet their go forward obligations under the Amended Credit Agreement. The Griffon Entities accordingly developed a drilling program to be implemented during winter 2022 to increase production volumes and, in turn, right-size their financial outlook. Unfortunately, this drilling program encountered a number of unforeseeable challenges as described below.

39. In November 2022, GPOC drilled two wells in accordance with the Griffon Entities' drilling program. While drilling and initial completion results for both wells initially appeared positive, GPOC subsequently discovered that the first well had an unidentified obstruction in the horizontal section of the wellbore which limited access to approximately 82% of the wellbore and resulted in production volumes being reduced by approximately 88% (30 boe/d instead of the expected 240 boe/d).

40. In response to the issues encountered in the first well, GPOC adjusted the final completion operation of the second well to avoid similar results. Following the drilling of the second well, GPOC left all 40 sliding sleeves open after frac'ing each stage to avoid having to re-open them.

The added exposure time to the completion operations resulted in reduction of the oil relative permeability which impacted 80% of its production capacity. The second well ultimately only produced 30 boe/d or 12% of its expected production volumes.

41. In addition to significantly constrained production capacities, both wells also experienced significant cost overruns (caused largely by weather conditions, inflated labor and material costs and global supply chain issues) of approximately 40%. Immediately upon commencement of the equipment movement for the drilling operations, the Kindersley area of Saskatchewan where the wells are located experienced unprecedented levels of snowfall (the highest in more than 12 years) which resulted in reduced access to the drilling sites, standby costs, delay costs and an inability of GPOC to source the necessary snow removal equipment because of unprecedented demand caused by the snowfall. The unprecedented winter weather conditions only functioned to exacerbate the already high costs of equipment and materials existing in November 2022 as a result of global supply chain issues.

42. In addition to increased drilling costs, the unprecedented winter weather and resulting lack of access to the well sites caused shut in production at 40% of the operated wells for significant periods of time throughout the winter. The shut in of these wells further reduced production levels by approximately 350 boe/d.

43. The combination of increased drilling costs and severely constrained commodity production volumes significantly impacted the Griffon Entities' available cash flow, causing an already difficult PDP forecast to become dire. As a direct result of the foregoing causes, GPOC failed to make the required payment of principal to the Lenders under the Amended Credit Agreement in November and December 2022.

(b) The Griffon Entities Canvass the Market for Capital

44. While the Lenders waived GPOC's payment defaults in November and December 2022, a copy of which is attached hereto as **Exhibit "P"**, it was clear to the Griffon Entities that a longer-term solution was required. Accordingly, in January 2023, the Griffon Entities consulted with Houlihan Lokey and retained Imperial Capital ("**Imperial**") and ARCO Capital Partners ("**ARCO**") to assist them in canvassing the market for a sale, investment, or other solution to refinance and/or restructure the Griffon Entities' current debt and cash flow issues. Solutions explored by the Griffon Entities, ARCO and Imperial included a sale of a potential manufactured royalty, a debt refinancing, a bridge loan, an infrastructure sale and leaseback, a farm-in arrangement, or a sale of certain non-core properties.

45. Importantly, at the time, the Griffon Entities did not explore any refinancing or takeout of the Lenders. The Griffon Entities have only now, within the context of these proposal proceedings, retained the Refinancing Advisor to assist them to locate, negotiate and finalize a transaction to right size the Applicants' current capital structure and refinance their obligations to the Lenders.

46. Imperial and ARCO contacted 54 third parties which were identified as strategically likely to have an interest predominantly in a royalty transaction with the Griffon Entities. Of these 54 entities, two entities were contacted with respect to a potential debt refinancing and three entities were contacted regarding a potential sale transaction. While numerous confidentiality agreements were signed and due diligence was undertaken by certain third parties with respect to a potential royalty transaction, none resulted in an executable transaction for the Griffon Entities. Such efforts were accordingly terminated in or about June 2023.

47. Throughout this period, the Griffon Entities undertook extensive discussions with the Lenders regarding potential options for resolving GPOC's ongoing payment defaults under the Amended Credit Agreement, however no consensual resolution was reached.

48. Since November 2022, GPOC had been unable to make required monthly principal payments under the Amended Credit Agreement, but had successfully remitted all monthly interest payments to the Lenders as and when such interest became due. However, in July 2023, as a result of declining commodity prices, narrowing hedges, and continuing constraints to the Griffon Entities' cash flows, GPOC paid only a portion (64%) of the required monthly interest payment to the Lenders. While GPOC suggested various cash sweep arrangements and partial payment options to the Lenders, none of the proposals were accepted and, on August 16, 2023, the Lenders served each of the Applicants with Demands for Payment ("**Demands**") and Notices of Intention to Enforce Security pursuant to s. 244 of the BIA ("**Notices of Intention to Enforce Security**"). Attached as **Exhibit "Q"** are copies of the Demands and Notices of Intention to Enforce Security.

49. In response to the Demands and Notices of Intention to Enforce Security, the Applicants each filed an NOI on August 25, 2023.

(c) The Griffon Entities' Business is Viable and the Lenders are Over Collateralized

i. Value of the Griffon Entities' Business

50. The Applicants commenced the within proceedings to preserve the value of the business and the available security for the benefit of all stakeholders. As discussed further above, the Griffon Entities' business has significant value both currently and on a go-forward basis. Currently, GPOC's oil and gas assets have total proved reserves of approximately 5.75 MBOE and

total proved plus probable reserves of approximately 9.40 MBOE, based on forecast prices and costs. The net present value of future net revenue before taxes discounted at a rate of 10% of such proved reserves is approximately \$70.7 million and proved plus probable reserves is \$119.3 million.

51. The enterprise value of the Griffon Entities was, as at August 2023, estimated by ARCO as part of its efforts to refinance and/or restructure the Griffon Entities' current debt and cash flow issues to be between \$25 million and \$30 million, assuming net operating income of \$12 million over a 12-month period and a multiple of between 2.0x and 2.5x. Importantly, the Griffon Entities have, since their purchase of the Tamarack assets in 2022, actively managed all associated abandonment and reclamation obligations and, as a result, currently have licensed assets with significant value and minimal regulatory obligations.

ii. Anticipated Closing of the Transactions under the Share Purchase and Sale Agreement

52. In addition, both of the foregoing value analyses are based on the Griffon Entities' current asset portfolio. As discussed further above, on May 30, 2023, GPCM signed a Share Purchase and Sale Agreement which had been under negotiation for the past approximately one year, and which is expected, upon closing, to increase the Griffon Entities' commodity production by 9,500 boe/d. The only material condition to the closing of the transaction under the Share Purchase and Sale Agreement is approval by the AER of the applicable license transfers. A response from the AER regarding the license transfer applications submitted earlier this summer is expected in the coming months.

53. In the event the license transfers are approved by the AER and the transaction closes in accordance with the Share Purchase and Sale Agreement, the production capacity of the Griffon

Entities' asset portfolio will fall squarely within the 15,000 to 20,000 boe/d business plan discussed above. At such production levels, and based on a reasonable range of commodity prices and operating conditions, the Griffon Entities' assets are expected to be cash flow positive and generate significant revenue for the benefit of the Griffon Entities and their stakeholders. Such production levels have always formed the basis of the Griffon Entities' business plan, and continue to do so. The Griffon Entities' current debt and cash flow issues is reflective not of the value of the assets, but of the lack of required production levels caused by the failure of numerous previous transactions to close, difficulties encountered during the drilling program, unprecedented winter weather conditions limiting well access and necessitating the shut-in of existing production, and significant cost overruns caused by global supply chain issues and the unprecedented winter weather.

54. Importantly, the closing of the transaction under the Share Purchase and Sale Agreement will have an effective date of January 1, 2022, meaning that two years of existing cash flow will be available to offset most, if not all, of the purchase price payable by GPCM to the vendor. Little, if any, cash outlay will be required from the Griffon Entities in the immediate future to close the transaction and obtain the benefits thereof.

iii. Greenfire Business Combination and IPO

55. In addition to the business of the Griffon Entities, and as noted above, the collateral package held by the Lenders includes a pledge by Spicelo of the Greenfire Shares. The following is my understanding of Greenfire, the Greenfire Shares, and an upcoming Business Combination (as defined below) involving the Greenfire Shares. My information is based on: (a) my review of the Affidavits of David Phung, sworn June 30 and August 22, 2023 (the "**Phung Affidavits**") and

filed by Greenfire in Alberta Court of King's Bench Action No. 2301-08584 in support of its application for an interim order and final order approving an arrangement pursuant to section 193 of the Alberta *Business Corporations Act* ("**ABCA**"); (b) my review of other publicly available information; and (c) the advice of Mr. Jonathan Klesch. Copies of the Phung Affidavits (without exhibits) are attached hereto as **Exhibits "R"** and **"S"**.

56. Greenfire is a corporation incorporated pursuant to the laws of Alberta with a head office in Calgary, Alberta, and that Greenfire's share registry is in Calgary, Alberta.

57. Greenfire is engaged in, and focused on, the sustainable production and development of upstream energy resources from the oil sands in the Athabasca region of Alberta, using in-situ thermal oil production extraction techniques such as SAGD at facilities located approximately 30 miles southwest of Fort McMurray, Alberta.

58. In 2022, the average daily gross production accruing to Greenfire's working interest was approximately 20,500 bbls/d net to Greenfire's working interest of bitumen and the average daily gross production from the Hangingstone Demonstration Facility was approximately 3,700 bbls/d of bitumen.

59. Greenfire is currently a private company and is not a "reporting issuer" or similarly designated entity in any jurisdiction of Canada. In addition, none of its securities are listed on any stock exchange nor are any of its securities registered under United States securities laws.

60. Certain of Greenfire's shareholders, including Spicelo, are party to a Shareholders Agreement, dated August 5, 2021 (the "**Shareholders Agreement**") which, among other things, restricts the ability of shareholders to directly or indirectly sell, transfer or otherwise dispose of

their securities in Greenfire other than to a “Permitted Transferee”.¹ If a shareholder wishes to directly or indirectly sell, transfer or otherwise dispose of their securities in Greenfire other than to a “Permitted Transferee”, such disposition is subject to a right of first refusal (“**ROFR**”) by every other applicable Greenfire shareholders. Pursuant to the Shareholders Agreement:

- (a) upon receipt of a *bona fide* offer to purchase, the applicable shareholder must provide written notice of its intention to transfer its shares, and the terms and conditions of such intended transfer, to all other shareholders party to the Shareholders Agreement;
- (b) upon receipt of the written notice, each shareholder has 30 days to accept the offer and exercise its ROFR to purchase its pro rata shares of the offered Greenfire shares;
- (c) in the event one or more shareholders declines to exercise its ROFR, all other shareholders are entitled to purchase their pro rata portion of such remaining shares up to a maximum quantity specified by each electing shareholder; and
- (d) any purported transfer of Greenfire shares in violation of the Shareholders Agreement is null, void and invalid and will not be registered either by Greenfire or any transfer agent on the securities register of Greenfire.

¹ “Permitted Transferee” is defined in the Shareholders Agreement as “an Affiliate or Immediate Family Member of such Shareholder, or, in the case of a Corporate Shareholder, to Persons who Control a Corporate Shareholder, Immediate Family Members or Affiliates of such Persons” (as each of those terms is defined in the Shareholders Agreement).

61. The Limited Recourse Guarantee and Securities Pledge Agreement executed by Spicelo with respect to its Greenfire Shares expressly incorporates the transfer restrictions and ROFR rights from the Shareholders Agreement. In particular, section 32 of the Limited Recourse Guarantee and Securities Pledge Agreement provides:

Notwithstanding the other provisions of this Agreement, the Collateral Agent and the Secured Parties agree with the Chargor that any enforcement of or the realization by the Collateral Agent or any receiver or agent appointed by the Collateral Agent pursuant to this Agreement over the Collateral, including the transfer by the Chargor, the Collateral Agent or the Collateral Agent's nominee to any third party or parties in connection with such enforcement or realization, shall be subject to the terms and conditions of the Shareholders Agreement, including the right of first refusal set forth in Section 3.3 of the Shareholders Agreement (in this Section 32, the "ROFR")....

A copy of the Limited Recourse Guarantee and Securities Pledge Agreement is attached hereto as **Exhibit "M"**. The Limited Recourse Guarantee and Securities Pledge Agreement attaches relevant portions of the Shareholders Agreement as Schedule "A".

62. The Board of Directors of Greenfire approved the Limited Recourse Guarantee and Securities Pledge Agreement prior to execution by Spicelo in July 2022 on the basis that, among other things, it expressly preserved all transfer restrictions and ROFR rights under the Shareholders Agreement and made any exercise by the secured parties and/or the Collateral Agent of their security over the Greenfire Shares subject to the applicable terms of the Shareholders Agreement (including the 30-day ROFR period). Absent the approval of the Greenfire Board of Directors, any encumbering of the Greenfire Shares would have contravened the Shareholders Agreement and, as a result, been null and void.

63. As at September 12, 2023, there are 8,937,518 Greenfire shares and 3,965,722 Greenfire warrants issued and outstanding. Greenfire's shares are owned by two different groups of

shareholders: (i) the founders of Greenfire, which consist of four different entities (including Spicelo), all of which are organized under the laws of jurisdictions outside of Canada; and (ii) certain officers and employees of Greenfire. Spicelo is the holder of 1,125,002 issued and outstanding Greenfire shares.

64. On December 15, 2022, Greenfire and M3-Brigade Acquisition III Corp. (NYSE: MBSC), a New York Stock Exchange (“NYSE”) listed special purpose acquisition company (“MBSC”), announced that they had entered into a definitive Business Combination Agreement and certain ancillary agreements to affect a business combination (the “**Business Combination**”) that values Greenfire at US\$950 million. The Business Combination will proceed by first completing an arrangement by way of a Court approved Plan of Arrangement pursuant to the provisions of the ABCA, followed by a merger with MBSC pursuant to the laws of the state of Delaware. The press release announcing and describing this Business Combination is attached hereto at **Exhibit “T”**.

65. At a very high level, pursuant to the Business Combination:

- (a) the common shares of a new corporation incorporated under the laws of Alberta on December 9, 2022 for purposes of effecting the transactions (“**New Greenfire**”) will be listed on the NYSE;
- (b) certain amalgamations/mergers of current Greenfire and current MBSC will be completed under the ABCA and the laws of the state of Delaware, following which the surviving Greenfire and MBSC will become direct, wholly-owned subsidiaries of New Greenfire; and

- (c) the holders of the Greenfire Shares and certain other Greenfire performance warrants and bond warrants will exchange a portion of such securities for their pro rata share of US\$75,000,000 in cash with the balance of such securities exchanged for securities of New Greenfire, all as determined in accordance with the Plan of Arrangement and other applicable transaction documents.

66. The Business Combination is subject to, among other things, approval by the NYSE of New Greenfire's application to list thereon, approval by the required majorities of Greenfire's securityholders of the Plan of Arrangement and approval by the Court of King's Bench of Alberta of the Plan of Arrangement. As at the date of this Affidavit, all of the foregoing approvals have been obtained. Attached as **Exhibit "U"** is a copy of the Final Order granted by the Honourable Justice Romaine on August 31, 2023 approving the Plan of Arrangement.

67. In accordance with the Plan of Arrangement and other transaction documents, the Business Combination is scheduled to close during the week of September 18, 2023. The common shares of New Greenfire will be listed on the NYSE during the week of September 18, 2023. Importantly, at closing, certain Greenfire shareholders (including Spicelo) will become bound by a Lock-Up Agreement with New Greenfire pursuant to which, among other things, each of the Greenfire shareholders has agreed not to sell any equity securities of New Greenfire until the earliest of (i) the date that is 180 days after the closing date, (ii) the date that certain New Greenfire common share closing price targets are achieved, and (iii) the date that New Greenfire completes a specified corporate transaction.

68. As part of the closing of the Business Combination, the Shareholders Agreement between Greenfire and certain shareholders (including Spicelo) will be terminated.

69. With respect to Spicelo, in particular, the impact of the Business Combination on its shareholdings in Greenfire is as follows:

- (a) upon surrender to the depository of the share certificates representing its Greenfire Shares, Spicelo will receive its proportionate share of US\$75 million, for a total pre-tax payment to Spicelo of US\$6.6 million;
- (b) Spicelo will become the owner of approximately 5.5 million common shares of New Greenfire (out of a total of 72.3 million New Greenfire shares outstanding) which, in accordance with the Lock-Up Agreement, will be subject to a 180-day hold period (or such further or other date as the required price targets may be achieved or a specified corporate transaction may occur); and
- (c) the initial listing price for the New Greenfire shares on the NYSE will be US\$10.10.

70. Importantly, the Greenfire Share certificates are currently in the possession of the Collateral Agent pursuant to the terms of the Limited Recourse Guarantee and Securities Pledge Agreement. As such, Spicelo does not have the ability to deposit the Greenfire Share certificates to the depository. I am advised by Andrea Whyte of Osler, Hoskin & Harcourt LLP (“**Osler**”), that under Section 5.1(d) of the Plan of Arrangement, any certificate representing the Greenfire Shares that is not deposited, together with all other documents required in connection with such deposit before the third anniversary of the closing date of the Business Combination shall terminate and be deemed to be surrendered and forfeited to Greenfire for no consideration and shall be deemed to be cancelled. I understand that Osler (as counsel to the Applicants) has been, and remains, in discussions with Lenders’ counsel regarding a consensual tendering of the Greenfire Share certificates. Such discussions remain ongoing and require additional time to conclude.

iv. The Lenders are Over Collateralized

71. In short, the Lenders are over collateralized. The New Greenfire shares alone should be sufficient to satisfy all obligations due and owing both to the Lenders and Tamarack without even considering the significant value of the Griffon Entities' current licensed assets and production or the value of the additional 9,500 boe/d of production should the Share Purchase and Sale Agreement close. The Lenders acknowledged their overly collateralized position and lack of market risk based only on the Greenfire Shares in an email dated August 11, 2023 (just five days prior to the issuance of the Demands and Notices of Intention to Enforce Security): "The lenders already have 1st lien security over 100% of Spicelo's Greenfire shares. We bear very limited market risk on the value of these shares because of the over-collateralized nature of the security pledge." [Emphasis added] A copy of the email from Mr. Gallagher of Signal to me, Mr. Klesch and others is attached hereto as **Exhibit "V"**.

72. The Applicants agree with the Lenders on this point. Indeed, it is clear that permitting the Lenders to enforce their security now - particularly given that the Greenfire Business Combination is on the eve of closing – would simply destroy value which would otherwise accrue to other creditors and stakeholders, including Tamarack. Lenders' counsel has already confirmed that the Lenders' intention is simply to take the Greenfire Shares in kind so as to retain the imminent upside of the business combination and initial public offering to their sole benefit and to the detriment of all other stakeholders of the Applicants. The Lenders are not entitled to this windfall. Attached as **Exhibit "W"** is an email from Lenders' counsel dated August 31, 2023 advising the Proposal Trustee that, "the obligation to my clients can be fully satisfied by transfer of those shares – there is no need for them to be liquidated in order to respond to my client's demands."

73. Accordingly, the Applicants filed the NOIs to preserve the value of the business and the security for the benefit of all stakeholders – not just the Lenders. The Applicants have also engaged the Refinancing Advisor to assist them in canvassing the market for a refinancing transaction to right size their balance sheet and take out the Lenders. The Refinancing Advisor's efforts are in their early stages and additional time is required for the market to be canvassed, potential transactions to be identified and negotiated, and a proposal to be finalized for consideration by the Applicants' creditors.

E. Requirement for an Extension of the Time for Filing of a Proposal

74. The Applicants require an extension of time for them to file a proposal to November 8, 2023. Both the Griffon Entities and Greenfire are at critical junctures. The Griffon Entities are poised to acquire an additional 9,500 boe/d for very little, if any, immediate capital output, thereby putting them into the position of having an implementable, cash flow positive business plan. The Griffon Entities have engaged the Refinancing Advisor. Greenfire is days away from implementing a significant and complex business combination approved by its securityholders and the Alberta Court of King's Bench and from an initial public offering on the NYSE. Both processes are expected to generate significant value that will repay all obligations due and owing to the Lenders under the Amended Credit Agreement prior to the final January 2025 payment date, and must, therefore, be given time to complete.

75. The Lenders are, by their own admission, over collateralized and face little to no risk. Any downside of an immediate security enforcement will be borne by all other stakeholders of the Applicants. If the Applicants were to cease operations and liquidate, it is likely that significant value would be lost. First, any immediate realization by the Lenders against the Greenfire Shares

would result in a windfall to either the Lenders or the other Greenfire shareholders (following exercise of their ROFR rights under the Shareholders Agreement) because of the significant and immediate increase in the value of the Greenfire Shares upon completion of the Business Combination. Such windfall to either the Lenders or the other Greenfire shareholders would be to the detriment of all other stakeholders of the Griffon Entities.

76. Second, the appointment of a Receiver would be highly disruptive and value destructive to the long term going concern value of the Griffon Entities' business following closing of the Share Purchase and Sale Agreement and implementation of the Griffon Entities' business plan.

77. The requested extension is being sought to protect the Applicants' business and operations while the Applicants work to develop a viable proposal for the benefit of stakeholders. I believe that preserving the value of the business in the proposed manner will achieve a better result for the Applicants' stakeholders than would a liquidation. I believe that the requested extension to November 8, 2023 will allow:

- (a) the Griffon Entities to work towards closing the transaction under the Share Purchase and Sale Agreement, subject to receipt of AER approval of the license transfers;
- (b) the Business Combination to be completed and a consensual path forward reached with the Collateral Agent to permit the Greenfire Shares to be exchanged for applicable cash consideration and New Greenfire shares;
- (c) the Refinancing Advisor to canvass the market for potential refinancing transactions; and

- (d) the Applicants to continue formulating a viable proposal for the benefit of all creditors.

78. The Applicants have acted, and continue to act, in good faith and with due diligence since filing the NOIs on August 25, 2022. Since the filing of the NOIs, the Applicants have taken the following steps, among others:

- (a) prepared and analyzed lists of creditors and identified issues specific to certain creditors;
- (b) provided the Proposal Trustee with access to their books and records;
- (c) engaged the Refinancing Advisor;
- (d) worked with the Proposal Trustee on the preparation of the Cash Flow Projections and weekly monitoring for the Applicants;
- (e) communicated with stakeholders regarding the proposal process;
- (f) worked with counsel and other professional advisers in beginning to develop a proposal; and
- (g) reviewed operating expenses, pursued the collection of accounts receivable and took other steps to ensure the Applicants remain financially viable during these proceedings.

79. The Applicants believe that an extension of the time period for them to file a proposal is necessary and appropriate in the circumstances.

F. Requirement for Administration Charge

80. The requested relief contains a first ranking administration charge against the Applicants' property as security for professional fees and disbursements incurred by their counsel, the Proposal Trustee and the Proposal Trustee's counsel both prior to and after the filing of the NOI. The Applicant has provided a \$150,000 retainer to its counsel, a \$100,000 retainer to the Proposal Trustee, and a \$50,000 retainer to Proposal Trustee's counsel.

81. The Applicants require the services of their counsel, the Proposal Trustee and the Proposal Trustee's counsel to develop a viable proposal. I believe that the Administration Charge is reasonable and appropriate in the circumstances and critical to the success of the Applicants' proposal proceedings.

G. Requirement for a D&O Charge

82. The requested relief contains a second ranking charge against the Applicants' property as security for any obligations and liabilities the Applicants' directors and officers may incur in their roles as directors and officers after August 25, 2023, up to the maximum amount of \$250,000.

83. GPCM held D&O insurance with Travelers Insurance Company of Canada (the "**D&O Policy**") with aggregate coverage of \$5 million for all claims. Coverage under the D&O Policy expired on September 1, 2023. While GPCM continues to work on renewing the D&O Policy or securing alternate coverage, such efforts remain ongoing. As a result, the Applicants have not yet been able to secure ongoing insurance coverage for their directors and officers.

84. The Applicants require the services of their directors and officers to develop a viable proposal. The Applicants' directors and officers have the technical and institutional knowledge,

experience, and relationships necessary to preserve the value of the Griffon Entities' operations and business for the benefit of all stakeholders. The Applicants' chances to implement a successful restructuring are maximized by the continued involvement of their directors and officers.

H. Approval of the Retainer Agreement

85. In order to maximize the value of the Applicants for the benefit of their stakeholders, the Applicants are seeking Court approval of the engagement of the Refinancing Advisor in accordance with the terms of an Engagement Letter dated September 11, 2023 (the "**Engagement Letter**") to assist them in canvassing the market for, and assessing, potential refinancing transaction alternatives. Attached hereto as **Exhibit "X"** is a copy of the Engagement Letter with the professional fee rates charged by the Refinancing Advisor redacted. An unredacted copy of the Engagement Letter is attached hereto as **Confidential Exhibit "Y"**.

86. The Refinancing Advisor is a leading middle-market corporate finance & investment banking boutique in Canada and the United States, specializing in assisting both healthy and distressed companies raise the necessary funds throughout their capital structure. The Refinancing Advisor has significant experience across a range of insolvency-related transactions under both Canadian legislation and the U.S. Bankruptcy Code, including both out-of-Court and Court supervised restructurings, asset sales and corporate reorganizations/refinancings.

87. The Refinancing Advisor was accordingly selected by the Applicants to assist them in locating, negotiating and finalizing a transaction to right size the Applicants' current capital structure and refinance their debt obligations. As noted above, the mandate of the Refinancing Advisor is different from the previous marketing process undertaken by ARCO and Imperial which

focused only on raising funds for the Griffon Entities' ongoing operations. The mandate of the Refinancing Advisor is to identify and finalize a refinancing to takeout the Lenders in full.

88. The Applicants concluded that the Refinancing Advisor's services are necessary to maximize their opportunity to identify and negotiate a value-maximizing transaction, and that the Refinancing Advisor is qualified and capable of performing the required tasks.

I. Restricted Court Access

89. The Engagement Letter contains confidential information relating to the professional fee rates charged by the Refinancing Advisor for its services. Specifically, on page 6 of the Engagement Letter, the Refinancing Advisor provides the hourly rates of its Directors, Analysts, and Associates. Such information, if made public, could negatively affect the Refinancing Advisor's competitive position in the market, its relationship with third parties, and future commercial negotiations.

90. The Applicants are proposing in the Order that the Engagement Letter be sealed on the Court file and not form part of the public record. In doing so, the Applicants believe that:

- (a) the Restricted Court Access Order is as narrow as possible and only seeks to maintain the confidentiality of the Refinancing Advisor's rates;
- (b) the scope of the proposed Order is proportionate and restricted only to what is necessary to protect the important competitive and commercial interests of the Refinancing Advisor;

- (c) there are no reasonable alternatives to a Restricted Court Access Order that will prevent the risks of disclosure; and
- (d) the benefits of the requested Restricted Court Access Order outweigh the risks.

J. Payments During the Proceedings

91. Since the filing of the NOIs on August 25, 2023, the Applicants have, and intend to continue, making payments for goods and services supplied to them in the ordinary course, as set out in the cash flow projections filed by each Applicant. If these payments cease as a result of these proceedings, certain critical third parties may be reluctant to continue their business relationship with GPOC, thereby resulting in potential deterioration of the value of the business, operations, and collateral. It may also lead to safety and/or environmental concerns.

92. The Applicants are proposing in the Order that they be authorized, but not required, and in all cases with the consent of the Proposal Trustee, to make payments for goods or services actually supplied to them prior to the filing of the NOIs by third-party suppliers or service providers up to a maximum aggregate amount of \$1,000,000 if, in the opinion of the Applicants, the supplier or service provider is critical to the Applicants' restructuring efforts.

SWORN BEFORE ME this 14th day of
September, 2023 in the City of Calgary, in the
Province of Alberta.



Commissioner for Taking Affidavits in and for
the Province of Alberta

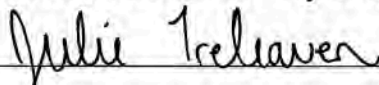


Daryl Stepanic

JULIE LAURA TRELEAVEN
Commissioner for Oaths
in and for
the Province of Alberta

This is **Exhibit "B"** to the Affidavit of Daryl Stepanic

sworn before me this 10th day of October 2023.



Notary Public/Commissioner for Oaths in and for Alberta

JULIE LAURA TRELEAVEN
Commissioner for Oaths
in and for
the Province of Alberta

COURT FILE NUMBER 25-2979721
25-2979725
25-2979732
25-2979735
25-2979736
25-2979737
25-2979738
25-2979739



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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL 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

APPLICANTS 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 **ORDER**

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

SERVICE AND Suite 2700, Brookfield Place
CONTACT 255 – 6th Avenue SW
INFORMATION OF Calgary, AB T2P 1N2

PARTY FILING THIS
DOCUMENT

Solicitors: Randal Van de Mosselaer / Emily Paplawski
Phone: 403.260.7000 / 7071
Email: rvandemosselaer@osler.com / epaplawski@osler.com
Matter: 1247318

DATE ON WHICH ORDER WAS PRONOUNCED: September 22, 2023

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice B. Johnston

UPON THE APPLICATION of Griffon Partners Operation Corporation (“**GPOC**”), Griffon Partners Holding Corporation (“**GPHC**”), Griffon Partners Capital Management Ltd. (“**GPCM**”), Stellion Limited (“**Stellion**”), 2437801 Alberta Ltd. (“**2437801**”), 2437799 Alberta Ltd. (“**2437799**”), 2437815 Alberta Ltd. (“**2437815**”), and Spicelo Limited (“**Spicelo**”) (collectively, the “**Applicants**”); **AND UPON** reviewing the Affidavit of Daryl Stepanic, sworn September 14, 2023 (the “**Stepanic Affidavit**”); **AND UPON** reviewing the First Report of Alvarez & Marsal Canada Inc. in its capacity as proposal trustee of the Applicants (in such capacity, the “**Proposal Trustee**”); **AND UPON** noting that each of the Applicants filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the “**BIA**”) on August 25, 2023 (the “**Filing Date**”); **AND UPON** hearing submissions by counsel for the Applicants, counsel for the Proposal Trustee and any other counsel or other interested parties present;

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the application.

PROCEDURAL CONSOLIDATION

2. The bankruptcy estates of the Applicants GPOC (Estate No. 25-2979735), GPHC (Estate No. 25-2979736), GPCM (Estate No. 25-2979737), Stellion (Estate No. 25-2979739), 2437801 (Estate No. 25-2979725), 2437799 (Estate No. 25-2979721), 2437815 (Estate No. 25-2979732), and Spicelo (Estate No. 25-2979738) (each individually an “**Estate**”) shall, subject to further order of the Court, be procedurally consolidated into one estate (the

“Consolidated Estate”) and shall continue under Estate No. 25-2979735 (with the proceeding in respect thereof being the **“Consolidated Proposal Proceeding”**).

3. Without limiting the generality of the foregoing, the Proposal Trustee is hereby authorized and directed to administer the Consolidated Estates on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as proposal trustee under the BIA as if the Consolidated Estate were a single estate and the Consolidated Proposal Proceeding were a single proceeding under the BIA, including without limitation:
 - (a) the meeting of creditors of the Applicants may be convened and conducted jointly, and the votes of creditors (for procedural purposes) at such meeting shall be calculated on a consolidated basis;
 - (b) the Proposal Trustee is authorized to issue consolidated reports in respect of the Applicants; and
 - (c) the Proposal Trustee is authorized to deal with all filings and notices relating to the proposal proceedings of the Applicants, each as required under the BIA, on a consolidated basis.
4. Any pleadings or other documents served or filed in the Consolidated Proposal Proceeding by any party shall be deemed to have been served or filed in each of the proceedings comprising the Consolidated Proposal Proceeding.
5. A copy of this Order shall be filed by the Applicants in the Court file for each of the Estates but any subsequent document required to be filed will be hereafter only be required to be filed in the Consolidated Estate (Estate No. 25-2979735).
6. The procedural consolidation of the Estates pursuant to this Order shall not:
 - (a) affect the legal status or corporate structure of the Applicants; or
 - (b) cause any Applicant to be liable for any claim for which it is otherwise not liable or cause any Applicant to have an interest in an asset to which it otherwise would not have.

7. The Estates are not substantively consolidated, and nothing in this Order shall be construed to that effect.
8. The Proposal Trustee may apply to this Court for advice and directions with respect to the implementation of this Order or with respect to any other matter relating to the procedural consolidation of the Consolidated Estate.

ADMINISTRATION CHARGE

9. Legal counsel to the Applicants, the Proposal Trustee and legal counsel for the Proposal Trustee, and the Refinancing Advisor (as that term is defined below), as security for their respective professional fees and disbursements incurred in preparing for and during these Consolidated Proposal Proceedings, and both before and after the granting of this Order, shall be entitled to the benefit of, and are hereby granted, a security and charge (the “**Administration Charge**”) on all of the Applicants’ present and after-acquired assets, property and undertakings (the “**Property**”), which charge shall not exceed \$500,000.

D&O INDEMNIFICATION AND CHARGE

10. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers after the Filing Date, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director or officer’s gross negligence or willful misconduct.
11. The Applicants application for a charge in favour of the Applicants’ Directors and Officers (the “**D&O Charge**”) is dismissed, with leave to the Applicants to reapply on further evidence.

PRIORITY OF CHARGE

12. The filing, registration or perfection of the Administration Charge (the “**Charge**”) shall not be required, and the Charge shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent

to the Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

13. The Charge shall constitute a security and charge on the Property and such Charge shall rank in priority to all other security interests, trusts, liens, charge, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person (collectively, the “**Encumbrances**”).
14. Except as otherwise provided herein, or as may be approved by this Honourable Court, the Applicants shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, any of the Charge, unless the Applicants obtain the prior written consent of the beneficiaries of the Charge (the “**Chargees**”) or further order of this Court.
15. The Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall

create or be deemed to constitute a new breach by the Applicants of any Agreement to which they, or any one of them, is a party;

- (ii) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charge; and
- (iii) the payments made by the Applicants pursuant to this Order and the granting of the Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

EXTENSION OF TIME TO FILE A PROPOSAL

16. The time within which the Applicants are required to file a proposal to their creditors with the Official Receiver under section 50.4(9) of the BIA is hereby extended to November 8, 2023.

APPROVAL OF THE RETAINER AGREEMENT

17. The Engagement Letter between Alvarez & Marsal Canada Securities ULC (the “**Refinancing Advisor**”) and GPOC, dated September 11, 2023, and attached at Exhibit “X” to the Stepanic Affidavit (the “**Engagement Letter**”), and the transactions contemplated thereunder, are hereby approved and authorized, and the execution of the Engagement Letter by GPOC is hereby approved and authorized with such minor amendments as GPOC, with the consent of the Proposal Trustee, and the Refinancing Advisor may agree. The Applicants are authorized and directed to take any and all actions as may be necessary or desirable to implement the Engagement Letter and each of the transactions contemplated therein.

PAYMENTS DURING THE PROCEEDINGS

18. The Applicants are entitled, *nunc pro tunc*, with the consent of the Proposal Trustee, but not required, to make payments up to a maximum aggregate amount of \$700,000 of obligations for goods or services supplied to the Applicants prior to the Filing Date if, in

the opinion of the Applicants, and after consultation with the Proposal Trustee, the supplier or vendor of such goods or services is determined by the Applicants to be necessary to its ongoing operations and/or restructuring efforts.

MISCELLANEOUS

19. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

BB Johnston

Justice of the Court of King's Bench of Alberta

This is **Exhibit "C"** to the Affidavit of Daryl Stepanic
sworn before me this 10th day of October 2023.



Notary Public/Commissioner for Oaths in and for Alberta

JULIE LAURA TRELEAVEN
Commissioner for Oaths
in and for
the Province of Alberta

LOCK-UP AGREEMENT

THIS LOCK-UP AGREEMENT (this “**Agreement**”) is made and entered into as of September 20, 2023, by and between Greenfire Resources Inc., an Alberta corporation (the “**Company**”), and each of M3-Brigade Sponsor III LP, a Delaware limited partnership (the “**Sponsor**”) and the Persons set forth on Schedule 1 hereto (the “**Company Holders**”). The Sponsor, the Company Holders and any Person who hereafter becomes a party to this Agreement pursuant to Section 2 are referred to herein, individually, as a “**Holder**” and, collectively, as the “**Holders**.”

WHEREAS, capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to such terms in that certain Business Combination Agreement, dated as of December 14, 2022 (as it may be amended or supplemented from time to time, the “**Business Combination Agreement**”), by and between the Company, M3-Brigade Acquisition III Corp., a Delaware corporation, Greenfire Resources Inc., an Alberta corporation, 2476276 Alberta ULC, an Alberta unlimited liability corporation and DE Greenfire Merger Inc., a Delaware corporation; and

WHEREAS, in connection with the transactions contemplated by the Business Combination Agreement, and in view of the valuable consideration to be received by the parties thereunder, the Company and each of the Holders desire to enter into this Agreement, pursuant to which the Holders’ Lock-Up Securities shall become subject to limitations on Transfer as set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, which are incorporated in this Agreement as if fully set forth below, and intending to be legally bound hereby, the Company hereby agrees with each of the Holders as follows:

1. **Definitions.** The terms defined in this Section 1 shall, for all purposes of this Agreement, have the respective meanings set forth below:

(a) “**Lock-Up Period**” shall mean the period beginning on the Closing Date and ending on the earliest of (i) the date that is 180 days after the Closing Date, (ii) the date on which the last reported closing price of a PubCo Common Share equals or exceeds \$12.00 per share (as adjusted for share splits, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty (30)-trading day period commencing at least seventy-five (75) days after the Closing Date and (iii) the date on which the Company completes a liquidation, merger, amalgamation, arrangement, share exchange, reorganization or other similar transaction that results in all of the Company’s shareholders having the right to exchange their shares of capital stock for cash, securities or other property.

(b) “**Lock-Up Securities**” shall mean, collectively, the Lock-Up Shares and Lock-Up Warrants.

(c) “**Lock-Up Shares**” shall mean the PubCo Common Shares held by the Sponsor and the Company Holders immediately following the Closing (other than PubCo Common Shares acquired in the public market).

(d) “**Lock-Up Warrants**” shall mean the PubCo Warrants held by the Sponsor and the Company Holders immediately following the Closing (other than PubCo Warrants acquired in the public market).

(e) “**Permitted Transferee**” shall mean any Person to whom a Holder is permitted to Transfer Lock-Up Securities prior to the expiration of the Lock-Up Period pursuant to Section 2(b).

(f) “**Transfer**” shall mean the (i) sale or assignment of, offer to sell, contract or agreement to sell, hypothecation, pledge, grant of any option to purchase or other disposal of or agreement to dispose of; directly or indirectly, or establishment or increase of a put equivalent position or liquidation or decrease of a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any security, (ii) entry into any swap or other arrangement that transfers to another Person, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (iii) public announcement of any intention to effect any transaction specified in clause (i) or (ii).

2. Lock-Up Provisions.

(a) Subject to Section 2(b), each Holder agrees that it shall not Transfer any Lock-Up Securities until the end of the Lock-Up Period applicable to such Holder.

(b) Notwithstanding the provisions set forth in Section 2(a), each Holder or its respective Permitted Transferees may Transfer the Lock-Up Securities during the Lock-Up Period (i) to (A) any direct or indirect partners, members or equity holders of the Sponsor, any affiliates of the Sponsor or any related investment funds or vehicles controlled or managed by such Persons or their respective affiliates or (B) the Company Holders or any direct or indirect partners, members or equity holders of the Company Holders, any affiliates of the Company Holders or any related investment funds or vehicles controlled or managed by such Persons or their respective affiliates; (ii) in the case of an individual, by gift to a member of such individual’s immediate family or to a trust, the beneficiary of which is such individual or a member of such individual’s immediate family or an affiliate of such Person, or to a charitable organization; (iii) in the case of an individual, by virtue of laws of descent and distribution upon death of such individual; (iv) in the case of an individual, pursuant to a qualified domestic relations order, divorce settlement, divorce decree or separation agreement; (v) to a nominee or custodian of a Person to whom a Transfer would be permitted under clauses (i) through (iv) above; (vi) to the partners, members or equityholders of such Holder by virtue of the Sponsor’s organizational documents, as amended; (vii) in connection with a pledge of PubCo Common Shares, or any other securities convertible into or exercisable or exchangeable for PubCo Common Shares, to a financial institution, including the enforcement of any such pledge by a financial institution; (viii) to the Company; (ix) as forfeitures of PubCo Common Shares pursuant to a “net” or “cashless” exercise of stock options; (x) as forfeitures of PubCo Common Shares to satisfy tax withholding requirements upon the vesting of equity-based awards granted pursuant to an equity incentive plan; (xi) in connection with a liquidation, merger, share exchange, reorganization, tender offer approved by the Board of Directors of the Company or a duly authorized committee thereof or other similar transaction which results in all of the Company’s shareholders having the right to exchange their PubCo

Common Shares for cash, securities or other property subsequent to the Closing Date; or (xii) in connection with any legal, regulatory or other order; *provided, however*, that in the case of clauses (i) through (vi), such Permitted Transferees must enter into a written agreement with the Company agreeing to be bound by the transfer restrictions in this Section 2.

(c) In order to enforce this Section 2, the Company may impose stop-transfer instructions with respect to the Lock-Up Securities until the end of the Lock-Up Period; *provided* that such instructions permit the transfers contemplated by clause (b) above.

(d) For the avoidance of doubt, each Holder shall retain all of its rights as a securityholder of the Company with respect to the Lock-Up Securities during the Lock-Up Period, including the right to vote any Lock-Up Shares that such Holder is entitled to vote, as applicable.

(e) If any Holder is granted a release or waiver from any lock-up agreement (such holder, a “**Triggering Holder**”) executed in connection with the Closing prior to the expiration of the Lock-Up Period, then the undersigned shall also be granted an early release from its obligations hereunder on the same terms and on a pro-rata basis with respect to such number of Lock-Up Shares or Lock-Up Warrants, as applicable, rounded down to the nearest whole Lock-Up Share or Lock-Up Warrant, as applicable equal to the product of (i) the total percentage of Lock-Up Shares or Lock-Up Warrants, as applicable, held by the Triggering Holder immediately following the consummation of the Closing that are being released from the lock-up agreement *multiplied by* (ii) the total number of Lock-Up Shares or Lock-Up Warrants, as applicable, held by the undersigned immediately following the consummation of the Closing; *provided* that the foregoing shall not be applicable with respect to a release or waiver of any Holder that holds less than an aggregate of 50,000 PubCo Common Shares or PubCo Warrants.

(f) The lock-up provisions in this Section 2 shall, with respect to any Holder, supersede the lock-up provisions contained in Sections 7(a) and 7(b) of that certain letter agreement dated as of October 21, 2021 by and among the Company, the Sponsor and certain of the Company’s current and former officers and directors (the “**Prior Agreement**”) with respect to such Holder and such provisions of the Prior Agreement shall be of no further force or effect with respect to such Holder.

3. Miscellaneous.

(a) Governing Law. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement) will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to agreements executed and performed entirely within such State.

(b) Consent to Jurisdiction and Service of Process. ANY PROCEEDING OR ACTION BASED UPON, ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MUST BE BROUGHT IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE (OR, ONLY TO THE EXTENT SUCH COURT DOES NOT HAVE SUBJECT MATTER JURISDICTION, THE SUPERIOR COURT OF THE

STATE OF DELAWARE OR, IF IT HAS OR CAN ACQUIRE JURISDICTION, IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE), AND EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY (I) CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF EACH SUCH COURT IN ANY SUCH PROCEEDING OR ACTION, (II) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO PERSONAL JURISDICTION, VENUE OR TO CONVENIENCE OF FORUM, (III) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH PROCEEDING OR ACTION SHALL BE HEARD AND DETERMINED ONLY IN ANY SUCH COURT AND (IV) AGREES NOT TO BRING ANY PROCEEDING OR ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY OTHER COURT. SERVICE OF PROCESS WITH RESPECT THERETO MAY BE MADE UPON ANY PARTY TO THIS AGREEMENT BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS AS PROVIDED IN SECTION 3(h), WITHOUT LIMITING THE RIGHT OF A PARTY TO SERVE PROCESS IN ANY OTHER MATTER PERMITTED BY APPLICABLE LAWS.

(c) Waiver of Jury Trial. EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3(c).

(d) Assignment; Third Parties. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. This Agreement and all obligations of a Holder are personal to such Holder and may not be transferred or delegated at any time. Nothing contained in this Agreement shall be construed to confer upon any person who is not a signatory hereto any rights or benefits, as a third party beneficiary or otherwise.

(e) Specific Performance. Each Holder acknowledges that its obligations under this Agreement are unique, recognizes and affirms that in the event of a breach of this Agreement by such Holder, money damages will be inadequate and the Company will have no adequate remedy at law, and agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by such Holder in accordance with their specific terms or were otherwise breached. Accordingly, the Company shall be entitled to an injunction or

restraining order to prevent breaches of this Agreement by a Holder and to enforce specifically the terms and provisions hereof, without the requirement to post any bond or other security or to prove that money damages would be inadequate, this being in addition to any other right or remedy to which such party may be entitled under this Agreement, at law or in equity.

(f) Amendment; Waiver. Upon (i) the approval of a majority of the total number of directors serving on the Board of Directors of the Company and (ii) the written consent of the Holders of a majority of the total Lock-Up Shares, compliance with any of the provisions, covenants and conditions set forth in this Agreement may be waived by the Company, or any of such provisions, covenants or conditions may be amended or modified, so long as no Holder is impacted disproportionately than any other Holder by such waiver, amendment or modification; *provided, however*, that notwithstanding the foregoing, any amendment hereto or waiver hereof that adversely affects a Holder, solely in its capacity as a holder of Lock-Up Shares, shall require the consent of the Holder so affected. No course of dealing between any Holder or the Company and any other party hereto or any failure or delay on the part of a Holder or the Company in exercising any rights or remedies under this Agreement shall operate as a waiver of any rights or remedies of any Holder or the Company. No single or partial exercise of any rights or remedies under this Agreement by a party shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or thereunder by such party.

(g) Interpretation. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement. In this Agreement, unless the context otherwise requires: (i) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (ii) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding or succeeding such term and shall be deemed in each case to be followed by the words “without limitation”; (iii) the words “herein,” “hereto,” and “hereby” and other words of similar import in this Agreement shall be deemed in each case to refer to this Agreement as a whole and not to any particular section or other subdivision of this Agreement; and (iv) the term “or” means “and/or”. The parties have participated jointly in the negotiation and drafting of this Agreement. Consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(h) Notices. All notices and other communications among the parties hereto shall be in writing and shall be deemed to have been duly given (i) when delivered in person, (ii) when delivered after posting in the United States mail having been sent registered or certified mail return receipt requested, postage prepaid or (iii) when delivered by FedEx or other nationally recognized overnight delivery service, addressed, if to the Company c/o Greenfire Resources Inc., 1900 – 205 5th Avenue SW, Calgary, AB T2P 2V7; Attn: David Phung, email: DPHung@greenfireres.com and Robert Loebach, email: RLoebach@greenfireres.com; with a copy, which shall not constitute notice, to Carter Ledyard & Milburn LLP, 28 Liberty Street, 41st Floor, New York, New York, 10005, Attn: Guy P. Lander, email: lander@clm.com; and if to any Holder, at such Holder’s address or email address as set forth in the Company’s books and records.

(i) Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(j) Entire Agreement. This Agreement constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Notwithstanding the foregoing, nothing in this Agreement (other than Section 2(f)) shall limit any of the rights, remedies or obligations of the Company or any of the Holders under any other agreement between any of the Holders and the Company, and nothing in any other agreement, certificate or instrument shall limit any of the rights, remedies or obligations of any of the Holders or the Company under this Agreement.

(k) Several Liability. The liability of any Holder hereunder is several (and not joint). Notwithstanding any other provision of this Agreement, in no event will any Holder be liable for any other Holder's breach of such other Holder's obligations under this Agreement.

(l) Counterparts. The undersigned hereby consents to receipt of this Agreement in electronic form and understands and agrees that this Agreement may be signed electronically. In the event that any signature is delivered by facsimile transmission, electronic mail or otherwise by electronic transmission evidencing an intent to sign this Agreement, such facsimile transmission, electronic mail or other electronic transmission shall create a valid and binding obligation of the undersigned with the same force and effect as if such signature were an original. Execution and delivery of this Agreement by facsimile transmission, electronic mail or other electronic transmission is legal, valid and binding for all purposes.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Lock-Up Agreement as of the date first written above.

COMPANY:

GREENFIRE RESOURCES LTD.

By: 

Name: David Phung

Title: Chief Financial Officer

HOLDER:

M3-BRIGADE SPONSOR III LP

By: M3-Brigade Acquisition Partners III Corp., its
general partner

By: _____

Name:

Title:

IN WITNESS WHEREOF, the parties have executed this Lock-Up Agreement as of the date first written above.

COMPANY:

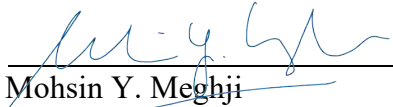
GREENFIRE RESOURCES LTD.

By: _____
Name:
Title:

HOLDER:

M3-BRIGADE SPONSOR III LP

By: M3-Brigade Acquisition Partners III Corp., its
general partner

By:  _____
Name: Mohsin Y. Meghji
Title: Authorized Person

HOLDER:

DAVID PHUNG

By:

A handwritten signature in black ink, appearing to read 'David Phung', written over a horizontal line.

David Phung

[Signature Page to Lock-Up Agreement]

HOLDER:

DAVID PHUNG FAMILY TRUST



By: _____

Name: David Phung

Title: Trustee



By: _____

Name: Maxime Chin

Title: Trustee

HOLDER:

SPICELO LIMITED

By: 

Name: Ioannis C. Charalambides

Title: Director



[Signature Page to Lock-Up Agreement]

HOLDER:

ANNAPURNA LIMITED

By: S. Sundar


Name: Venkat Siva

Title: Director

[Signature Page to Lock-Up Agreement]

HOLDER:


MODRO HOLDINGS LLC

By: 
Name: Joseph Pehar
Title: Manager

[Signature Page to Lock-Up Agreement]

HOLDER:


ROBERT LOGAN

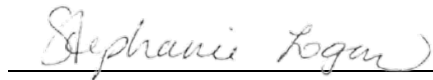
By: 
Robert Logan

[Signature Page to Lock-Up Agreement]

HOLDER:


ROBERT LOGAN FAMILY TRUST

By: 
Name: Robert Logan
Title: Trustee

By: 
Name: Stephanie Logan
Title: Trustee


HOLDER:

ALLARD SERVICES LIMITED

By:  _____

Name: Jamie Gordon Kean

Title: Director

By:  _____

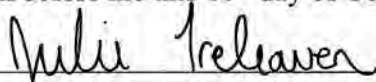
Name: Rebecca Alice Winter

Title: Director

SCHEDULE 1
COMPANY HOLDERS

1. Allard Services Limited
2. Annapurna Limited
3. Spicelo Limited
4. Modro Holdings LLC
5. Robert Logan
6. Robert Logan Family Trust
7. David Phung
8. David Phung Family Trust

This is **Exhibit "D"** to the Affidavit of Daryl Stepanic
sworn before me this 10th day of October 2023.



Notary Public/Commissioner for Oaths in and for Alberta

JULIE LAURA TRELEAVEN
Commissioner for Oaths
in and for
the Province of Alberta

From: Kashuba, Kyle <kkashuba@torys.com>
Sent: Saturday, October 07, 2023 6:14 PM
To: kfellowes@stikeman.com
Cc: Orest Konowalchuk; Scott Asplund (sasplund@alvarezandmarsal.com); Chad Ellison (cellison@alvarezandmarsal.com); Duncan MacRae (dmacrae@alvarezandmarsal.com); Van de Mosselaer, Randal; Paplawski, Emily; Treleaven, Julie; mlemmens@stikeman.com
Subject: FW: GPOC/Spicelo

Karen,

Please see the below email and responses to your inquiries and points raised.

Thanks,

Kyle

Kyle Kashuba

P. 403.776.3744 | F. 403.776.3800 | 1.800.505.8679
525 - 8th Avenue S.W., 46th Floor, Eighth Avenue Place East
Calgary, Alberta T2P 1G1 Canada | www.torys.com



From: Karen Fellowes <KFellowes@stikeman.com>
Date: October 6, 2023 at 1:01:36 PM MDT
To: "Van de Mosselaer, Randal" <rvandemosselaer@osler.com>
Cc: Matti Lemmens <MLemmens@stikeman.com>, "Paplawski, Emily" <EPaplawski@osler.com>, "Treleaven, Julie" <jtreleaven@osler.com>, okonowalchuk@alvarezandmarsal.com, dmacrae@alvarezandmarsal.com, "Kashuba, Kyle" <kkashuba@torys.com>, sasplund@alvarezandmarsal.com, cellison@alvarezandmarsal.com
Subject: RE: GPOC/Spicelo

Karen- we have reviewed the position of the Lenders as set out in your email below, and the comments and responses of the Proposal Trustee are embedded therein.

Hello, further to our call this morning, I confirm that my client does not agree with the proposed timelines and believes they are unduly protracted to the detriment of creditors. The proposed timeline does not reflect the extent and nature of these assets, which have already been subject to extensive marketing over the last 9 months. As discussed with the Lenders on our call at the end of last month (on Wednesday, September 27), the prior investment and solicitation processes involved only a short list of parties, and was not fulsome, as is intended with the present SISF. Further, the previous process was intended and structured to seek forms of additional capital for a drilling program without repaying the lenders. As I am

sure that you can appreciate, it is a fundamentally different ask this time around.

Our proposed timelines are as follows:

1. Distribute Teaser and NDA – these docs should already be prepared, no need for a 14-day period from the date of the SISP Order. Should be **1 day**. We are already aware of interested bidders. The documents are not prepared, but are being worked on diligently by A&M Corporate Finance, the Company and its consultants. As you are aware, the corporate finance engagement only became effective upon the Court's granting of the stay extension, so A&M Corporate Finance has not yet had two full weeks to familiarize themselves with the Company's assets or structure their process. With respect to normal practice in this regard, and in particular given the uniqueness of the assets being offered up in the SISP, it takes 6 to 8 weeks to get to market from the signing of an engagement agreement. This is what A&M Corporate Finance, who specialize in these types of process, are recommending based on their experience. As such, the proposed November 1 date is already an accelerated timeline. In addition, there are the complexities of the situation of having GPOC as well as Spicelo/Greenfire, which requires additional analysis. It is not a typical or straightforward process that is required in the present circumstances. Notwithstanding the foregoing, the Proposal Trustee has spoken with A&M Corporate Finance and they believe that it may be possible to launch the SISP on October 25, 2023 (1.5 weeks early) if the SISP is approved on October 18, 2023.
2. Due Diligence Period – should be **30 days max** from the distribution of the Teaser and NDA. With the intention of minimizing the length of the SISP, A&M Corporate Finance is seeking a Phase 1 only process, which requires both interested financiers and prospective asset purchasers to submit binding definitive documentation. The alternative would be a two-phase process, where the sale agent would receive non-binding bids and shortlist others to Phase 2, in order to come up with something binding. Settling on NDA terms takes time at the front end and it is normal course for upfront diligence by buyers or financiers to take in the area of 6 weeks, and then an additional 4 to 6 weeks to agree on documentation. Holidays of US Thanksgiving and Christmas are also factors that we will all need to be mindful of in order to ensure that A&M Corporate Finance can canvas the market properly and give interested parties sufficient time to evaluate and submit their proposals. An overly aggressive time period could deter parties from participating in the SISP. This is in no one's interest.

3. Final Bid Deadline – Same day as end of max due diligence period. This is acceptable.
4. Bid Assessment – 5 calendar days from Final Bid Deadline is probably OK.
5. Notification of Auction Date – 1 day after end of Bid Assessment period.
6. Auction Date – 2 business days after Notification of Auction Date is probably OK.
7. Period of time to finalize docs for successful bid – 5 calendar days after acceptance of successful bid. This is dependent on a number of parties' input and involvement, including legal counsel to the financier/purchaser, legal counsel of the Company, legal counsel to the Proposal Trustee, and the Lenders. The reality is that finalizing definitive documentation is going to take much longer than five days. Anything less would be unrealistic and unachievable.
8. Court Approval – as soon as possible following selection of successful bid.

We believe the process should be completed by early or mid December. My client has significant concerns about urgent and precipitous drop in value in their collateral, and is creating a valuation analysis showing material prejudice to their position arising as a result of delay. We would welcome your clients' view on the valuation of the assets and the nature of their concerns surrounding this drop in value.

We also wish to advise the Trustee of this important information – according to our sources, the sale MUST happen before winter conditions kick in as those facilities are not equipped (or managed) to withstand very cold temperatures and the buyer will need to take some protective measures. This was confirmed last winter, when GPOC ran into numerous problems because of the snow. Equipment being damaged by cold or snow would destroy long term value. The Proposal Trustee is intimately familiar with oil and gas operations in the subject area. As you may be aware, some of these wells and facilities have been in operation for twenty years, with the majority of the development activity occurring between 2012 and 2022. The wells and equipment have endured standard and extreme winter conditions in every year, and any costs due to cold weather and seasonality such as snow removal, heating, chemicals and additional operator time to restart wells have been accounted for and budgeted. The cost for these items is typically no more than a few dollars per barrel compared to summer operations- this is relatively immaterial compared to the price of the commodity being sold. There are thousands of horizontal Viking wells drilled in the area that operate throughout the winter. Abnormally heavy snowfall in later 2022/2023 did temporarily restrict access to operators, which of course resulted in the wells being shut-in. These costs and some assumptions around downtime have been built in to the cash flow forecast provided to the Lender. As your client (who is experienced in the oil and gas space) knows, the shut-in production for these types of assets does not destroy long term value, but can result in a temporary

deferral of production, sometimes coming back on at even higher rates than pre-shut-in due to pressure build-up. While it is true that new drilling operations could carry higher capital costs, these are not currently forecast.

The Trustee should not finalize their report without giving the secured creditor a fulsome opportunity to provide input into the process which directly effects their security. We only received the proposed timelines last night, and were advised that the Trustee is intending to file its report on Tuesday, with a long weekend in between. Surely the Trustee's Report can be finalized and filed at a later date without jeopardizing the Oct. 18 hearing date, which is routinely done. The Proposal Trustee is making all efforts to obtain and consider the position of the Lenders. You have been on these calls and email correspondence in the timeframe following the last hearing date, where the stay extension was approved. We are also mindful of the deadlines that are set by the Commercial Court, and which the Proposal Trustee respects and intends on following. As an officer of the Court, my client is well versed in their obligations and the requirements that are made of them.

I will write separately with respect to the credit bid/stalking horse proposal, but wanted you to have this input on the timelines now. We look forward to hearing back from you with this term sheet. The sooner that this is provided, the better. A potential credit bid or stalking horse, with unknown terms and conditions, cannot be considered in a vacuum.

Yours truly,

Karen Fellowes, KC

Direct: 403 724 9469 Calgary
604 631 1468 Vancouver
Mobile: 403 831 9488
Email: kfellowes@stikeman.com

From: Van de Mosselaer, Randal
<rvandemosselaer@osler.com>
Sent: Thursday, October 5, 2023 8:34 PM
To: Karen Fellowes <KFellowes@stikeman.com>
Cc: Matti Lemmens <MLemmens@stikeman.com>; Paplawski, Emily <EPaplawski@osler.com>; Treleaven, Julie <jtreleaven@osler.com>;
okonowalchuk@alvarezandmarsal.com;
dmacrae@alvarezandmarsal.com; Kashuba, Kyle <kkashuba@torys.com>; sasplund@alvarezandmarsal.com;
cellison@alvarezandmarsal.com
Subject: Re: GPOC/Spicelo

Karen - it looks like 10:30 works on our side if you can circulate a Teams link for that time. Thx.

Randal Van de Mosselaer
M : 403-862-5588

On Oct 5, 2023, at 7:59 PM, Karen Fellowes
<KFellowes@stikeman.com> wrote:

Great, I'll give you a call at 10:30, or I can
arrange a TEAMS call if the Trustee is
available.

Karen Fellowes, KC
(403) 831-9488
Kfellowes@stikeman.com

From: Van de Mosselaer, Randal
<rvandemosselaer@osler.com>
Sent: Thursday, October 5, 2023 7:43:30 PM
To: Karen Fellowes
<KFellowes@stikeman.com>
Cc: Matti Lemmens
<MLemmens@stikeman.com>; Paplawski,
Emily <EPaplawski@osler.com>; Treleaven,
Julie <jtreleaven@osler.com>;
okonowalchuk@alvarezandmarsal.com
<okonowalchuk@alvarezandmarsal.com>;
dmacrae@alvarezandmarsal.com
<dmacrae@alvarezandmarsal.com>; Kashuba,
Kyle <kkashuba@torys.com>;
sasplund@alvarezandmarsal.com
<sasplund@alvarezandmarsal.com>;
cellison@alvarezandmarsal.com
<cellison@alvarezandmarsal.com>
Subject: Re: GPOC/Spicelo

I'm available any time before noon.

Randal Van de Mosselaer
M : 403-862-5588

On Oct 5, 2023, at 7:39 PM,
Karen Fellowes
<KFellowes@stikeman.com>
wrote:

Hello Randal. My clients are
considering a stalking horse
bid and I would welcome an

opportunity to discuss this option with you and the Trustee.

Please let me know a time tomorrow which would be convenient for a call.

Yours truly,

Karen Fellowes, KC
(403) 831-9488
Kfellowes@stikeman.com

From: Van de Mosselaer, Randal
<rvandemosselaer@osler.com>
>

Sent: Thursday, October 5, 2023 4:53:30 PM

To: Karen Fellowes
<KFellowes@stikeman.com>;
Matti Lemmens
<MLemmens@stikeman.com>

Cc: Paplawski, Emily
<EPaplawski@osler.com>;
Treleaven, Julie
<jtreleaven@osler.com>;
okonowalchuk@alvarezandmarsal.com
<okonowalchuk@alvarezandmarsal.com>;
dmacrae@alvarezandmarsal.com
<dmacrae@alvarezandmarsal.com>; Kashuba, Kyle
<kkashuba@torys.com>;
sasplund@alvarezandmarsal.com
<sasplund@alvarezandmarsal.com>;
cellison@alvarezandmarsal.com
<cellison@alvarezandmarsal.com>

Subject: RE: GPOC/Spicelo

Hello Karen and Matti,

I write further to my email of last Monday providing a draft of the SISP as it existed at that time.

Unfortunately, I have not heard from either of you in reply.

I can advise that in consultation with the Proposal Trustee and the Restructuring Advisor we have now developed a workable schedule, which we have incorporated into the attached.

This is again provided to you for consultative purposes and for your review and comment. It is our intention to file our application materials next week for an application at 2:00 on October 18 for approval of this SISP.

We would be pleased to receive any comments that you may have.

Regards,

<image001.gif>

Randal Van de Mosselaer
Partner
403.260.7060 |
rvandemosselaer@osler.com
Osler, Hoskin & Harcourt LLP |
osler.com

From: Van de Mosselaer,
Randal
<rvandemosselaer@osler.com>

Sent: Monday, October 02,
2023 4:03 PM

To: Karen Fellowes
<KFellowes@stikeman.com>;
MLemmens@stikeman.com

Cc: Paplawski, Emily
<EPaplawski@osler.com>;
Treleaven, Julie
<jtreleaven@osler.com>;
okonowalchuk@alvarezandmarsal.com;
dmacrae@alvarezandmarsal.com;
Kashuba, Kyle
<kkashuba@torys.com>;
sasplund@alvarezandmarsal.com;

cellison@alvarezandmarsal.com

Subject: GPOC/Spicelo

Karen/Matti,

Further to my discussions with Karen and (I understand) Matti's discussions with the Proposal Trustee, attached is an early draft of the SISP which we are preparing.

This is provided to you for consultative purposes and for your review and comment. In the interests of time this is still subject to ongoing internal review on our end and so is subject to changes and additions on our side. But we felt that it was in a form where we could provide it to you for your review.

As you can appreciate, this is provided to each of you because you represent two of the largest stakeholders in these proceedings. We would therefore be interested in receiving your comments on this form of SISP. However, we are not of course able to guarantee that comments that you may provide will be incorporated into the final document for which we intend to seek Court approval.

That said, we look forward to receiving any comments that you may have and to discussing this with you further at your convenience.

Regards,

<image004.gif>

Randal Van de Mosselaer

403.260.7060 DIRECT
403.260.7024 FACSIMILE
rvandemosselaer@osler.com

Suite 2700, Brookfield Place
225 – 6th Avenue S.W.

Calgary, Alberta, Canada T2P 1N2
403.260.7000 main
403.260.7024 facsimile
[<image005.gif>](#)



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Stikeman Elliott LLP Barristers & Solicitors

4200 Bankers Hall West, 888 - 3rd Street S.W., Calgary, AB T2P 5C5 Canada

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[<image002.jpg>](#)

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