

COM March 25, 2024



COURT FILE NUMBER 2401-01422

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

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

DOCUMENT **APPLICATION**

ADDRESS FOR
SERVICE AND
CONTACT **OSLER, HOSKIN & HARCOURT LLP**
INFORMATION OF
PARTY FILING THIS
DOCUMENT Barristers & Solicitors
Brookfield Place, Suite 2700
225 6 Ave SW
Calgary, AB T2P 1N2

Solicitors: Randal Van de Mosselaer / Julie Treleaven
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File Number: 1246361

NOTICE TO THE RESPONDENT

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: March 25, 2024
Time: 2:00 p.m.
Where: Edmonton Law Courts (by WebEx - See **Schedule "A"**)
Before: The Honourable Justice Gill

Go to the end of this document to see what you can do and when you must do it.

Remedy Sought:

1. The Applicants, Griffon Partners Operation Corporation (“**GPOC**”), Griffon Partners Holding Corporation (“**GPHC**”), Griffon Partners Capital Management Ltd. (“**GPCM**”), Stellion Limited, 2437801 Alberta Ltd., 2437799 Alberta Ltd., 2437815 Alberta Ltd., and Spicelo Limited (“**Spicelo**”) (collectively, the “**Applicants**”), respectfully seek an Order substantially in the form attached hereto as **Schedule “B”**:
 - (a) abridging the time for service of notice of this Application (if necessary), deeming service of notice of this Application to be good and sufficient, and declaring that there is no other person who ought to have been served with notice of this Application;
 - (b) declaring that Tamarack Valley Energy Ltd. (“**Tamarack**”) has no claim against the assets of Spicelo, whether pursuant to the doctrine of marshalling or otherwise;
 - (c) declaring that Signal Alpha C4 Limited and Trafigura Canada Ltd. (collectively, the “**Lenders**”) are not required, pursuant to the doctrine of marshalling or otherwise, to exhaust their remedies under the Spicelo Guarantee (as that term is defined below) granted to the Lenders by Spicelo and the Spicelo Pledged Shares (as that term is defined below) prior to the Lenders realizing upon any of proceeds from the SISP (as that term is defined in the February 7, 2024 Amended and Restated Initial Order in these proceedings);
 - (d) declaring that:
 - (i) upon payment of all amounts owing to the Lenders pursuant to the Amended Loan Agreement (as that term is defined below); and
 - (ii) to the extent that Spicelo is required to make payment to the Lenders pursuant to the terms of the Spicelo Guarantee by which Spicelo unconditionally guaranteed the due and punctual payment, and the due performance of the Guaranteed Obligations (as that term is defined in the Spicelo Guarantee);

then Spicelo is, to the extent of such payment to the Lenders under the Spicelo Guarantee, entitled to be subrogated to the Lenders' security against GPOC, in priority to Tamarack;

- (e) granting leave to the Applicants pursuant to R.6.11(1)(f) to rely upon evidence filed in Action No. 25-2979735 in support of this Application, and
- (f) granting such further and other relief as counsel may request and this Honourable Court may deem just.

Grounds for making this application:

2. GPCM, GPHC, and GPOC (collectively, the "**Griffon Entities**") are private corporations existing under the laws of the Province of Alberta focused on the exploration and development of light oil and natural gas liquids in the Viking formation in western Saskatchewan and eastern Alberta.
3. Spicelo is an investment company extra-provincially registered in Alberta which is beneficially owned by one of the directors of the Griffon Entities.
4. GPOC is the borrower (and GPCM and GPHC are guarantors) under a Loan Agreement dated July 21, 2022 with the Lenders as lenders, GLAS USA LLC as administrative agent, and GLAS Americas LLC as collateral agent (the "**Collateral Agent**") as amended as of August 31, 2022 (the "**Amended Loan Agreement**"), pursuant to which:
 - (a) GPOC borrowed approximately USD\$36 million from the Lenders, and
 - (b) GPOC granted to the Collateral Agent a security interest (the "**Lenders' Security Interest**") over all of GPOC's present and after-acquired real and personal property.
5. In addition, GPOC issued a Subordinated Secured Promissory Note dated July 21, 2022 in the amount of CAD\$20 million to Tamarack, and granted to Tamarack a security interest (subordinate to the Lenders' Security Interest) in all of GPOC's present or after-acquired property.

6. Spicelo entered into a Limited Recourse Guarantee and Securities Pledge Agreement dated July 21, 2022 (the “**Spicelo Guarantee**”) pursuant to which:
 - (a) Spicelo guaranteed GPOC’s obligations to the Lenders under the Amended Loan Agreement, and
 - (b) Spicelo pledged to the Collateral Agent for the benefit of the Lenders securities owned by Spicelo in the capital of Greenfire Resources Ltd. (the “**Spicelo Pledged Shares**”).
7. Accordingly:
 - (a) The Lenders and the Collateral Agent are the senior secured creditors over GPOC’s present and after-acquired property, and Tamarack’s security interest is subordinate to that of the Lenders and Collateral Agent; and
 - (b) The Collateral Agent (and only the Collateral Agent) holds a security interest over the Spicelo Pledged Shares.
8. On August 16, 2023, the Lenders served each of the Applicants with Demands for Payment and Notices of Intention to Enforce Security pursuant to s. 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
9. On August 25, 2023 each of the Applicants filed Notices of Intention to Make a Proposal under the BIA.
10. On October 18, 2023 the Court granted an Order approving the SISP pursuant to which the assets of GPOC were to be marketed and sold. The SISP is nearing its conclusion.
11. It appears that the proceeds from the SISP and the sale of the GPOC assets will not satisfy in full the amount outstanding to the Lenders. Consequently, the Lenders will call upon the Spicelo Guarantee in an effort to be paid in full.
12. At an application heard by this Court on February 6, 2024, Tamarack (through its counsel) filed a Bench Brief asserting (incorrectly) that: “the doctrine of marshalling requires the

Lenders to realize upon the entirety of Spicelo's Pledged Shares pursuant to the [Spicelo Guarantee] between it and the Lenders prior to realizing upon any of proceeds from the sale of all or any portion of GPOC's assets pursuant to the ongoing [SISP]."

13. As the SISP is nearing its conclusion, it is critical that the rights and obligations of the Griffon Entities, Spicelo, the Lenders and Tamarack be determined so that all parties can be certain of their rights of recovery from the assets belonging to the Griffon Entities under the SISP, and from Spicelo.

Material or evidence to be used in Support of this Application:

14. Affidavit of Daryl Stepanic, sworn September 14, 2023, and filed September 15, 2023 in Action No. 25-2979735;
15. Affidavit of Daryl Stepanic, sworn January 29, 2024, and filed in this action on January 30, 2024;
16. Affidavit of Daryl Stepanic sworn March 15, 2024, to be filed, and
17. Such further and other evidence or materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

18. The *Alberta Rules of Court*, Alta Reg. 124/2010, including R.6.11(1)(f)

Applicable Acts and Regulations:

19. The *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended.
20. The *Judicature Act*, RSA 2000, c J-2, as amended.
21. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any Irregularity Complained of or Objection Relied On:

22. None.

How the Application is Proposed to be Heard or Considered:

23. By WebEx, before the Honourable Justice Gill at the Edmonton Law Courts at 2 p.m. on March 25, 2024 or so soon thereafter as counsel may be heard.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule “A”

From: CommercialCoordinator QBCalgary <CommercialCoordinator.QBCalgary@albertacourts.ca>

Sent: Tuesday, February 27, 2024 8:50 AM

To: Jessica Watts <JWatts@stikeman.com>; Natasha Doelman <NDoelman@stikeman.com>; Karen Fellowes <KFellowes@stikeman.com>; Van de Mosselaer, Randal <rvandemosselaer@osler.com>; Kashuba, Kyle <kkashuba@torys.com>; Matti Lemmens <MLemmens@stikeman.com>; Treleaven, Julie <jtreleaven@osler.com>; Jakub Maslowski <jmaslowski@stikeman.com>; Jennilee Fleury <JFleury@stikeman.com>

Subject: WEBEX CONFIRMATION: 2401 01422 - GRIFFON PARTNERS OPERATION CORP. v. COMPANIES CREDITORS ARRANGEMENT ACT. - Mar 25, 2024 02:00 PM - GILL, J - Confirmed

The above booking is confirmed.

File #(s): 2401 01422

Style of Cause: GRIFFON PARTNERS OPERATION CORP. v. COMPANIES CREDITORS ARRANGEMENT ACT.

Date/Duration:

Mar 25 and 26, 2024 at 02:00 PM (Two half days)

Total: 150 Minute(s) + 150 Minute(s)

Booking Type/List: Commercial

Purpose of Hearing: Commercial Hearing

Counsel: Karen Linda Fellowes; Natasha Elaine Ada Doelman; Randal Steven Van de Mosselaer; Julie Laura Treleaven; Matti Cornelia Carpentier Leonie Lemmens; Jakub Jan Maslowski; Kyle David Kashuba;

Special Requirements:

Requirements: Courtroom Required

Equipment: Video Conferencing

Notes: Appoint Receiver

Counsel: Please ensure that all relevant parties have received Webex information.

Virtual Courtroom 86 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom86>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted.
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. **Note: Recording or rebroadcasting of the video is prohibited.**
5. **Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit: <https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the “Cisco Webex Meetings” App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above.

Schedule “B”

Form 7
[Rule 3.8]

Clerk's Stamp

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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 Barristers & Solicitors

CONTACT Brookfield Place, Suite 2700

INFORMATION OF 225 6 Ave SW

PARTY FILING THIS Calgary, AB T2P 1N2

DOCUMENT

Solicitors: Randal Van de Mosselaer / Julie Treleaven

Telephone: (403) 260-7000 / 7048

Email: RVandemosselaer@osler.com / JTreleaven@osler.com

File Number: 1246361

DATE ON WHICH ORDER WAS PRONOUNCED: March 25, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice Gill

UPON the application of Griffon Partners Operation Corporation (“**GPOC**”), Griffon Partners Holding Corporation (“**GPHC**”), Griffon Partners Capital Management Ltd. (“**GPCM**”), Stellion Limited, 2437801 Alberta Ltd., 2437799 Alberta Ltd., 2437815 Alberta

Ltd., and Spicelo Limited (“**Spicelo**”, and collectively, the “**Applicants**”); **AND UPON** reading the Affidavit of Daryl Stepanic, sworn September 14, 2023, and filed September 15, 2023 in Action No. 25-2979735; **AND UPON** reading the Affidavit of Daryl Stepanic, sworn January 29, 2024, and filed in this action on January 30, 2024; **AND UPON** reading the Affidavit of Daryl Stepanic, sworn March 15, 2024; **AND UPON** hearing from counsel for the Applicants, counsel for Alvarez & Marsal Canada Inc. as Monitor, counsel for Tamarack Valley Energy Ltd. (“**Tamarack**”), counsel to Signal Alpha C4 Limited and Trafigura Canada Ltd. (collectively, the “**Lenders**”), and any other interested party;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of this application is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other person other than those persons served is entitled to service of this application.
2. Tamarack has no claim against the assets of Spicelo, whether pursuant to the doctrine of marshalling or otherwise.
3. The Lenders are not required, pursuant to the doctrine of marshalling or otherwise, to exhaust their remedies under the Limited Recourse Guarantee and Securities Pledge Agreement dated July 21, 2022 (the “**Spicelo Guarantee**”) granted to the Lenders by Spicelo and the shares pledged to the Lenders by Spicelo pursuant to the Spicelo Guarantee prior to the Lenders realizing upon any of proceeds from the SISP (as that term is defined in the February 7, 2024 Amended and Restated Initial Order in these proceedings).
4. Upon payment of all amounts owing to the Lenders pursuant to the Amended Loan Agreement between the Lenders as lenders and GPOC as borrower, and to the extent that Spicelo is required to make payment to the Lenders pursuant to the terms of the Spicelo Guarantee, then Spicelo is, to the extent of such payment to the Lenders under the Spicelo Guarantee, entitled to be subrogated to the Lenders’ security against GPOC, in priority to Tamarack.

5. 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.

Justice of the Court of King's Bench of Alberta