



COURT FILE NUMBER **B201-979735**
 ~~25-2979735-~~

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

NB
C110042

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 **APPLICATION**

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
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NOTICE TO THE RESPONDENTS

This application is made against you.

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

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

Date: November 8, 2023

Time: 2:00 p.m.

Where: By Webex:

<https://albertacourts.webex.com/meet/virtual.courtroom60>

Before Whom: The Honourable Justice Sidnell in Commercial Chambers

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

Remedy claimed or sought:

1. The applicants, Griffon Partners Operation Corporation (“**GPOC**”), Griffon Partners Holding Corporation, Griffon Partners Capital Management Ltd., Stellion Limited, 2437801 Alberta Ltd., 2437799 Alberta Ltd., 2437815 Alberta Ltd., and Spicelo Limited (“**Spicelo**”) (collectively, the “**Applicants**”), seek an Order substantially on the terms attached hereto as **Schedule “A”**, *inter alia*:
 - (a) abridging the time for service of notice of this Application (if necessary), deeming service of notice of this Application to be good and sufficient, and declaring that there is no other person who ought to have been served with notice of this Application;
 - (b) extending the time within which the Applicants are required to file a proposal to their creditors with the Official Receiver under section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) to December 23, 2023 (the “**Stay Period**”);
 - (c) approving the key employee retention plan (the “**KERP**”) described in the Third Report of Alvarez & Marsal Canada Inc. in its capacity as Proposal Trustee (the “**Proposal Trustee**”), to be filed (the “**Third Report**”) and granting a second-

ranking Court-ordered charge (the “**KERP Charge**”) against the Applicants’ present and after-acquired assets, property and undertakings (“**Property**”) as security for payments under the KERP, up to the maximum amount of \$100,000;

- (d) approving the fees and disbursements of the Proposal Trustee and its counsel, Torys LLP, as described in the Third Report; and
- (e) granting such further and other relief as the Applicants may request and this Honourable Court may grant.

Grounds for making this application:

Background

2. 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 on August 25, 2023.
3. On September 22, 2023, the Applicants brought an application (the “**First Stay Extension Application**”) to the Alberta Court of King’s Bench (the “**Court**”) for an Order: (i) extending the time for the Applicants to file a proposal to November 8, 2023, (ii) administratively consolidating the Applicants’ estates, (iii) granting an Administration Charge and a D&O Charge, (iv) authorizing the Applicants to make certain pre-filing payments, and (v) approving the Applicants’ engagement of Alvarez & Marsal Canada Securities ULC (the “**Transaction Agent**”) to run a sale or investment solicitation process.
4. The First Stay Extension Application was opposed by Trafigura Canada Limited and Signal Alpha C4 Limited (collectively, the “**Lenders**”) who also brought a cross-application (the “**Receivership Application**”) to terminate these BIA proceedings as against Spicelo and appoint a Receiver over Spicelo.
5. On September 22, 2023, the Court granted the Applicants’ First Stay Extension Application in full (with the exception only of the D&O Charge). The Court did not grant the Receivership Application.

6. On October 18, 2023, following an application by the Applicants, which application was again opposed by the Lenders, the Alberta Court of King's Bench granted an Order approving a sale and investment solicitation process ("**SISP**") and authorizing the Applicants, the Transaction Agent and the Proposal Trustee to implement the SISP in accordance with the terms thereof (the "**SISP Order**").
7. Pursuant to the SISP and the SISP Order: (i) the SISP process is to start on October 25, 2023, (ii) the deadline for non-binding letters of intent ("**LOIs**") is December 12, 2023, and (iii) the final bid deadline is January 8, 2024.
8. The Stay Period in respect of the Applicants is presently scheduled to expire on November 8, 2023.

Extension of the Stay Period

9. The Applicants are seeking to extend the Stay Period up to and including December 23, 2023. The extension of the Stay Period is necessary to allow the SISP to be undertaken by the Applicants, the Proposal Trustee and the Transaction Agent for the benefit of the Applicants' stakeholders. In particular, the extension is necessary to permit interested parties to provide non-binding LOIs by the December 12, 2023 deadline under the SISP.
10. The Applicants have acted, and continue to act, in good faith and with due diligence in these NOI Proceedings. Since the granting of the first extension of the stay by Order of the Honourable Justice Johnston, granted September 22, 2023, the Applicants have worked diligently to develop, obtain approval of, and implement, the SISP. The Applicants have also: (a) continued engaging with the Lenders regarding both development of the SISP and various operational and financial matters impacting the Applicants; and (b) maintained regular communications with applicable regulators, contractual counterparties, royalty holders, suppliers and creditors regarding these NOI Proceedings.
11. The extension of the Stay Period is necessary and appropriate in the circumstances. The Proposal Trustee supports the requested Stay Extension.

The KERP and KERP Charge

12. The Applicants are seeking approval of the KERP for the Chief Executive Officer of GPOC, Mr. Daryl Stepanic, and the granting of the KERP Charge up to a maximum aggregate amount of \$100,000 as security for payments under the KERP.
13. The KERP was developed by the Applicants, in consultation with the Proposal Trustee, to facilitate the continued participation of Mr. Stepanic in these proceedings. Mr. Stepanic has in-depth knowledge of the Applicants' business, finances, operations and relationships. His continued involvement in these proceedings is critical to the ability of the Applicants to successfully restructure for the benefit of stakeholders.
14. The KERP provides appropriate incentives for Mr. Stepanic to remain in his current position and ensures that he is properly compensated for his assistance in the SISF and these NOI proceedings more generally.

Material or evidence to be relied on:

15. The Affidavit of Daryl Stepanic, sworn on October 30, 2023;
16. The Affidavit of Daryl Stepanic, sworn on October 10, 2023;
17. The Affidavit of Daryl Stepanic, sworn September 14, 2023;
18. The Third Report of the Proposal Trustee, to be filed;
19. The Reports of the Proposal Trustee previously filed in these proceedings; and
20. Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

21. Rules 1.2, 1.3, 6.3 and 11.27 of the *Alberta Rules of Court*, Alta Reg 124/2010;
22. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended; and

23. 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:

24. None.

How the application is proposed to be heard or considered:

25. Before the Honourable Justice Sidnell in Commercial Chambers via Webex.

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 time shown at the beginning of this 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"

Clerk's Stamp

COURT FILE NUMBER 25-2979735

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**

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Matter: 1247318

DATE ON WHICH ORDER WAS PRONOUNCED: November 8, 2023

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice Sidnell

UPON THE APPLICATION 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 (collectively, the “**Applicants**”); **AND UPON** reviewing the Affidavit of Daryl Stepanic, sworn October 30, 2023 (the “**Third Stepanic Affidavit**”); **AND UPON** reviewing the Third Report of Alvarez & Marsal Canada Inc. (the “**Third Report**”) 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, which have been administratively consolidated pursuant to the Order of Madam Justice B. Johnston granted on September 22, 2023; **AND UPON** hearing from counsel for the Applicants, counsel for the Proposal Trustee and any other counsel or other interested parties present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of Application for this Order is hereby abridged and deemed good and sufficient and this Application is properly returnable today, and no other person apart from those persons served is entitled to service of the Application.

EXTENSION OF TIME TO FILE A PROPOSAL

2. 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 December 23, 2023.

KEY EMPLOYEE RETENTION PLAN

3. The key employee retention plan (the “**KERP**”) described in the Third Report is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.
4. The key employee, Mr. Daryl Stepanic, referred to in the KERP (the “**Key Employee**”) shall be entitled to the benefit of and is hereby granted a charge on the Property (the

“**KERP Charge**”), which charge shall not exceed the aggregate amount of \$100,000, to secure any payments to the Key Employee under the KERP.

PRIORITY OF CHARGES

5. The priorities of the Administration Charge and the KERP Charge, as amongst them, shall be as follows:
 - (a) First – the Administration Charge (to the maximum amount of \$500,000); and
 - (b) Second – the KERP Charge (to the maximum amount of \$100,000).
6. Paragraphs 12 to 15 of the Order of the Honourable Justice B. Johnston, granted in the within proceedings on September 22, 2023 with respect to the Administration Charge shall, and are hereby declared to, apply equally to the KERP Charge granted hereunder, and all references to “Charge” within those paragraphs shall be read as including both the Administration Charge and the KERP Charge.

APPROVAL OF PROPOSAL TRUSTEE FEES & DISBURSEMENTS

7. The fees and disbursements of the Proposal Trustee and its counsel, Torys LLP, as set out in the Third Report are hereby approved.

MISCELLANEOUS

8. 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