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Mar 6 2024
Justice BurnsIN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED

APPLICANTS

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

DOCUMENT

**FIRST REPORT OF ALVAREZ & MARSAL CANADA
INC. IN ITS CAPACITY AS MONITOR****FEBRUARY 28, 2024**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT**MONITOR**

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ALVAREZ & MARSAL

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INTRODUCTION

1. On August 25, 2023, Griffon Partners Operation Corp. (“**GPOC**”), Griffon Partners Holding Corp. (“**GPHC**”), Griffon Partners Capital Management Ltd. (“**GPCM**”), 2437801 Alberta Ltd. (“**801 AB**”), 2437799 Alberta Ltd. (“**799 AB**”), 2437815 Alberta Ltd. (“**815 AB**”), Stellion Limited (“**Stellion**”), and Spicelo Limited (“**Spicelo**”) each filed Notices of Intention to Make a Proposal (“**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”). Alvarez & Marsal Canada Inc. consented to act as Trustee under the Proposal (“**A&M Inc.**” or the “**Proposal Trustee**”).
2. For the purposes of this first report (the “**First Report**” or “**this Report**”), GPOC, Spicelo and the Holding Companies are collectively referred to as the “**Companies**” or the “**Applicants**”.
3. Pursuant to section 50.4(8) of the BIA, the initial NOI period during which the Companies were required to file a proposal under the NOI proceedings (the “**NOI Proceedings**”) was from August 25, 2023 to September 24, 2023. The Companies subsequently applied to the Court of King’s Bench of Alberta (the “**Court**”) on the following dates, seeking among other things:
 - a) on September 22, 2023, an extension to file a proposal to their creditors, up to and including November 8, 2023;
 - b) on October 18, 2023, an order approving a sales and investment solicitation process (“**SISP**”);
 - c) on November 8, 2023, an extension to file a proposal to their creditors, up to and including December 23, 2023;
 - d) on December 15, 2023, an extension to file a proposal to their creditors, up to and including February 6, 2024; and
 - e) on February 6, 2024, an extension to file a proposal to their creditors, up to and including February 8, 2024.

4. Effective February 7, 2024, this Honourable Court granted the Companies an initial order (the “**Initial Order**”) as well as the amended and restated initial order (“**ARIO**”) to continue the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (as amended the “**CCAA**” or the “**CCAA Proceedings**”), which granted, among other things, a stay of proceedings up to and including March 6, 2024 (the “**Stay Period**”) and appointed A&M Inc. as monitor pursuant to the provisions of the CCAA (in such capacity, the “**Monitor**”).
5. The ARIO also approved and ratified, among other things:
 - a) the actions, activities and conduct and proposed courses of action of the Proposal Trustee and Torys LLP (“**Torys**”), as counsel to the Proposal Trustee, to February 7, 2024, in relation to the discharge of its duties and mandate as Proposal Trustee, and such actions and activities of the Proposal Trustee and Torys as are more particularly described in the fifth report of the Proposal Trustee dated February 1, 2024 (the “**Fifth Report**”) and in the four reports previously filed in the NOI Proceedings;
 - b) the fees and disbursements of the Proposal Trustee and its counsel, Torys LLP, as set out in the Fifth Report;
 - c) a charge in favour of the Monitor, its legal counsel, the Companies’ legal counsel and the Transaction Agent (as defined herein) in respect of their fees and disbursements, up to a maximum amount of \$500,000 under section 11.52 of the CCAA; and
 - d) approving and continuing the SISP approved and commenced under the NOI Proceedings to the CCAA Proceedings.
6. The Applicants are now applying to this Honourable Court seeking the following relief, among other things:
 - a) approval of the Proposal Trustee’s fees and disbursements and its counsel’s fees and disbursements up to February 6, 2024, which largely related to the actions, activities and conduct of the Proposal Trustee as set out in Fifth Report;

- b) extending the stay of proceedings up to and including April 17, 2024; and
 - c) such further and other relief as may be sought by the Applicants and that this Honourable Court may deem appropriate.
7. This Report should be read in conjunction with the affidavit of Mr. Daryl Stepanic sworn February 26, 2024. These documents, together with other documents and information regarding the NOI Proceedings and the CCAA Proceedings, have been posted on the Monitor's website at www.alvarezandmarsal.com/griffonpartners (the "**Website**").

PURPOSE

8. The purpose of this First Report is to provide this Honourable Court and the Companies' stakeholders with the Monitor's considerations and recommendations with respect to the following:
- a) the activities of the Monitor since the granting of the ARIO by this Honourable Court on February 7, 2024 and as more particularly described in the Monitor's pre-filing report dated February 1, 2024 ("**CCAA Pre-Filing Report**")
 - b) an update on the Companies' restructuring efforts to date (including the application for a restricted court access order - the "**Restricted Court Access Order**" - concerning Confidential Appendix 1 to this Report);
 - c) GPOC's cash flow actual receipts and disbursements as compared to the cash flow statement outlined in the CCAA Pre-Filing Report;
 - d) GPOC's revised cash flow projection for the weekly period to April 19, 2024;
 - e) the Companies' request for the approval of the Proposal Trustee's fees and disbursements and its counsel's fees and disbursements up to February 6, 2024, which were incurred during the period where the actions, activities and conduct of the Proposal Trustee were approved by this Honourable Court and as better described in the Fifth Report; and

- f) the extension of the Stay Period; and
- g) the Monitor's recommendations and conclusions.

TERMS OF REFERENCE AND DISCLAIMER

9. In preparing this Report, A&M Inc., in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Companies and has held discussions with the Applicants' management and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Companies' cash flow forecast:
 - a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
 - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
10. Future oriented financial information referred to in this Report was prepared based on the Companies' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
11. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

12. GPOC is engaged in the business of oil and gas exploration and production (“**E&P**”). GPOC currently produces, on average of 1,500 boe/d, with approximately 1,450 boe/d in Saskatchewan (the “**Saskatchewan Assets**”) and 50 boe/d in Alberta (the “**Alberta Assets**”). The Saskatchewan Assets are regulated by the Saskatchewan Ministry of Energy and Resources (“**MER**”) and the Alberta Assets are regulated by the Alberta Energy Regulator (“**AER**”). GPOC has no employees. GPOC engaged Sproule Asset Management (“**Sproule**”) to assist with the operation of the oil and gas assets, in addition to 11 full time consultants and one part time consultant to provide field labour, administrative, management and other business-critical services to GPOC.
13. Spicelo is an investment company incorporated pursuant to the laws of the Republic of Cyprus and extra-provincially registered in Alberta, whose primary asset is the shares held in a private company called Greenfire Resources Inc. (“**Greenfire**”). Spicelo’s liabilities consist of being the guarantor of the Senior Secured Debt (as defined below). Both Spicelo and Stellion are owned by Ioannis Charalambides, in trust for Jonathan Klesch.
14. Spicelo and Stellion were originally registered in Cyprus and were both registered as extra-provincial corporations in Alberta on August 23, 2023. Spicelo’s primary asset are shares in Greenfire (a Canadian oilsands producer) and Stellion’s sole asset is its ownership interest in GPOC (through GPCM and GPHC), which has E&P business exclusively in Canada. The Holding Companies have no assets (other than their related-party investment holdings) and there is no operational income or expenses. GPOC, GPHC, GPCM, 799 AB, 801 AB, and 815 AB are all Alberta registered companies.
15. On July 21, 2022, GPOC borrowed USD \$35,869,565.21 from a syndicate of Signal Alpha C4 Limited and Trafigura Canada Ltd. (the “**Senior Secured Lenders**”). On August 16, 2023, counsel for the Senior Secured Lenders issued demands for repayment to each of the Companies demanding payment for the full amount of the

obligations owed by GPOC being USD \$37,938,054.69 representing the amount of outstanding indebtedness as of August 16, 2023; and all fees and expenses and other amounts owing as part of the Indebtedness, including solicitor and client legal expenses (the “**Indebtedness**”). The Indebtedness translated to CAD at a 1.3518 USD/CAD foreign exchange rate (as at August 16, 2023), totalling CAD \$51,284,662.33.

16. Further background of the Companies and their operations is contained in the materials filed in the NOI proceedings which can be found on the Website.

INITIAL ACTIVITIES OF THE MONITOR

17. The Monitor’s activities to date have included the following:
- a) preparing and issuing notices required under the CCAA and the Initial Order, which involved:
 - i. setting-up of the Case Website and posting of the Initial Order, the ARIO and other filed materials;
 - ii. coordinating the publishing of notices as prescribed under the CCAA in the *Calgary Herald* and *The StarPhoenix*, which were published on February 13, 2024 and February 20, 2024, respectively;
 - iii. preparing a list of creditors with claims over \$1,000 and posting same to the Case Website;
 - iv. coordinating and distributing the notice to creditors to known creditors on February 12, 2024; and
 - v. filing the required statutory notices with the Office of the Superintendent of Bankruptcy of the prescribed forms as required under section 23(1)(f) of the CCAA;

- b) various discussions with Management, the Monitor's legal counsel and the Companies' legal counsel relating to matters relevant to the CCAA Proceedings and the Companies' operations, generally;
- c) multiple communications and meetings with Management, Torys, the Companies' legal counsel and the Transaction Agent relating to the SISP and restructuring matters;
- d) various communication with bidders and their respective counsel respecting a final definitive agreement and review of such agreements with Torys, the Companies and their legal counsel, and the Transaction Agent;
- e) multiple communications and meetings with the Senior Secured Lenders responding to questions relating to matters relevant to the CCAA Proceedings, the SISP and the Companies' operations;
- f) various communication with Tamarack Valley Energy Ltd. ("**Tamarack**") (the subordinated secured lender) and responding to questions relating to matters relevant to the NOI Proceedings, the SISP and the Companies' operations;
- g) a review of the materials filed by Tamarack in relation to their arguments concerning the marshalling issue, and a legal analysis by the Monitor's counsel concerning same;
- h) multiple communications and ongoing meetings with Management and Sproule respecting the Companies' operations and financial cash flow reporting;
- i) monitoring the Companies' cash flow actual results to Management's forecasts and discussing variances with Management;
- j) providing continual updates on the Companies' cash flow results and forecasting (when and as requested) to the Senior Secured Lenders;
- k) communication with the MER and providing updates on the SISP and the CCAA Proceedings;

- l) communication with the AER and providing updates on the SISP and the CCAA Proceedings; and
- m) ongoing monitoring of the Companies' financial affairs, and other activities by the Monitor.

ACTIVITIES OF THE COMPANIES AND RESTRUCTURING EFFORTS

SISP Update

- 18. This Honourable Court granted an order approving the SISP on October 18, 2023. The SISP is intended to solicit interest in, and opportunities for: (a) the purchase of some or all of the assets of GPOC; (b) an investment in GPOC, including through the purchase or acquisition of some or all of the shares of GPOC; (c) a refinancing of the Companies through the provision of take-out or additional financing in the Companies, or some combination thereof. The Companies' sales advisor, Alvarez & Marsal Canada Securities ULC (the "**Transaction Agent**"), was engaged, with approval of this Honourable Court, to assist in delivering and executing upon the SISP.
- 19. As at the Non-Binding LOI Deadline (as defined in the Fifth Report) of December 12, 2023, the Transaction Agent reported that 19 Non-Binding LOIs (as defined in the Fifth Report) were received from 18 interested parties (one party made two separate proposed transactions).
- 20. On January 22, 2024, the Transaction Agent received six final bids, with two additional bids submitted subsequent to the Revised Final Bid Deadline (as defined in the Fifth Report).
- 21. The Transaction Agent has worked with GPOC and the interested bidders to evaluate the bids, finalize definitive documentation and determine which transaction(s) are most likely to be consummated in order for GPOC, in consultation with the Monitor, to select a Successful Bid (as defined in the SISP).

22. On February 22, 2024, following an update call and consultation with the Senior Secured Lenders, a Successful Bid was selected.
23. A further update of the status of the SISP is included as a Confidential Appendix 1 to this Report. Due to the confidential nature of the information, the Monitor is concerned that, if the information contained in Confidential Appendix 1 is disclosed to third parties prior to the completion of the SISP, the disclosure could materially jeopardize the realizations during the SISP. As such, the Monitor is respectfully of the view that it is appropriate for this Honourable Court to seal Confidential Appendix 1, in accordance with the proposed form of the Restricted Court Access Order, as they contain the consideration of the remaining bidders.

ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST

24. The Applicant's actual cash receipts and disbursements as compared to the Cash Flow Forecast presented in the CCAA Pre-Filing Report during the period of January 20, 2024 to February 16, 2024 (the "**Reporting Period**") is summarized below:

Griffon Partners Operation Corp. Cash Flow Variance Analysis - Prepared by Management For the four-week period January 20, 2024 to February 16, 2024 <i>\$CAD 000's, unaudited</i>				
	Forecast	Actual	Variance	Notes
Cash Receipts				
Sales (production settlement)	1,546	1,533	(13)	
Other receipts	-	19	19	
Total cash receipts	1,546	1,552	6	
Operating Cash Disbursements				
Field contract operator payments	(155)	(175)	(20)	
Office contract consultant payments	(136)	(141)	(5)	
JV Partner payments	(226)	(12)	214	a
Operating and transportation	(675)	(655)	20	
Drilling, facilities and other acquisitions	-	-	-	
Abandonment and reclamation	-	(22)	(22)	
Surface and mineral leases	(169)	(54)	115	b
Royalties	(193)	(191)	2	
Carbon taxes	(8)	(9)	(1)	
Subtotal	(1,562)	(1,259)	303	
Non-Operating Disbursements				
General and administrative	(8)	(9)	(1)	
GST remittance	(41)	(6)	35	
Companies' counsel fees	(125)	(148)	(23)	
Transaction agent fees	(100)	(148)	(48)	
Subtotal	(274)	(311)	(37)	
Net Cash Flow (before NOI Professionals)	(290)	(18)	272	
CCAA Professional Fee Disbursements				
Monitor's fees	(100)	-	100	c
Monitor's counsel's fees	(50)	(70)	(20)	
Net Cash Flow	(440)	(88)	352	
Net Change in Cash				
Beginning of period	1,962	1,962	-	
Net Cash Flow	(440)	(88)	352	
Ending of period	1,522	1,874	352	

25. Over the Reporting Period, GPOC experienced a positive cash flow variance of approximately \$352,000, primarily as a result of the following timing differences, which are described below:
- a) a positive temporary timing variances with respect to disbursement of certain payments to working partner interest;
 - b) a positive temporary timing variance with respect to certain payments for surface and mineral lease holders; and

- c) a positive temporary timing variance with respect to the outstanding and final Proposal Trustee's fees and expenses for the period January 1, 2024 to February 6, 2024. The Proposal Trustee's and its legal counsel's, actions, activities and conduct have been approved and ratified, which were largely described in the Fifth Report.

UPDATED CASH FLOW FORECAST

26. For purposes of paragraph 10(2)(a) of the CCAA, the Companies have prepared an updated weekly cash flow forecast (the "**Second Cash Flow Forecast**") for the nine-week period from February 17, 2024 to April 19, 2024 (the "**Forecast Period**") using the probable and hypothetical assumptions set out in the notes to the Second Cash Flow Forecast. A copy of the Second Cash Flow Forecast, together with a summary of assumptions are attached hereto as Appendix "A".

Griffon Partners Operation Corp. Updated Cash Flow Forecast - Prepared by Management For the nine-week period February 17, 2024 to April 19, 2024 <i>\$CAD 000's, unaudited</i>			Total	Notes
Cash Receipts				
Sales (production settlement)	2,857			1
Other receipts	-			
Total cash receipts	2,857			
Operating Cash Disbursements				
Field contract operator payments	(340)			2
Office contract consultant payments	(272)			2
JV Partner payments	(280)			3
Operating and transportation	(1,296)			2
Drilling, facilities and other acquisitions	-			4
Abandonment and reclamation	-			4
Surface and mineral leases	(307)			2
Royalties	(361)			2
Carbon taxes	(16)			2
Subtotal	(2,872)			
Non-Operating Disbursements				
General and administrative	(16)			2
GST remittance	(85)			2
Companies' counsel fees	(250)			5
Transaction agent fees	(68)			5
Subtotal	(419)			
Total Cash Disbursements	(3,291)			
Net Cash Flow (before NOI Professionals)	(434)			
CCAA Professional Fee Disbursements				
Monitor's fees	(270)			5
Monitor's counsel's fees	(100)			5
Net Cash Flow	(804)			
Net Change in Cash				
Beginning of period	1,874			
Net Cash Flow	(804)			
Ending of period	1,070			

27. A summary of the Second Cash Flow Forecast and select assumptions there include the following:
- cash receipts consist of forecast oil, other liquids and gas receipts based on forecast production at strip pricing as of February 22, 2024. Proceeds from production forecast are generally received on the closest business day to the 25th day of the following month (or the following business day for gas settlements);

- b) all operating and other disbursements were estimated based on historical data and vendors requiring similar payment terms as the NOI period. As discussed above, there is a positive temporary timing variance with respect to disbursement of certain payments for surface and mineral lease holders, which are expected to be paid in the Forecast Period;
- c) working partner interest continues to be evaluated on a pre-Filing and post-Filing basis, while the Companies and the Monitor consider set-off rights and what may be required to be paid. The Companies continue to accrue for potential payments owing from the post-Filing period, but do not intend to make any payments without counterparty sign-off on settlement. As discussed above, there is a positive temporary timing variance with respect to these disbursements, which are forecast to be paid in the Forecast Period for conservatism, based on the Companies' current estimate of amounts owing;
- d) no new drilling, abandonment or other associated activities are forecast to occur in the forecast period; and
- e) professional fees include the fees and costs of counsel to GPOC, the Monitor and its legal counsel, and the Transaction Agent, in order to, among other things, complete and close the GPOC SISF. Included in this amount is payment of outstanding fees and costs of the Proposal Trustee for time spent between January 1, 2024 to February 6, 2024, as discussed above. The professional fees include the application of the \$50,000 held by the Transaction Agent against their remaining invoices.

28. The Second Cash Flow Forecast is based on assumptions by Management regarding future events. Management advises that actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Second Cash Flow Forecast will be accurate. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial

information presented in this Report, or relied upon by the Monitor in the course of the preparation of this Report.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

NOI Proceedings

29. On November 8, 2023, this Honourable Court granted an order approving the Proposal Trustee's fees and disbursements up to October 15, 2023 and its legal counsel's fees and disbursements (Torys) up to October 6, 2023.
30. On February 7, 2024, this Honourable Court granted an order approving the Proposal Trustee's fees and disbursements and its legal counsel's fees and disbursements (Torys) up to December 31, 2023. Also on February 7, 2024, this Honourable Court granted an order approving the actions, activities and conduct of the Proposal Trustee and its legal counsel throughout the NOI Proceedings, which concluded on the commencement of the CCAA Proceedings (February 7, 2024).
31. The Proposal Trustee and its legal counsel have now rendered their invoices for their respective fees and disbursements for services rendered within the NOI Proceedings from January 1, 2024 to February 6, 2024 and are seeking approval of this Honourable Court within the CCAA Proceedings, as was largely described in the Fifth Report.
32. The Companies seek approval from this Honourable Court of the professional fees and disbursements of the Proposal Trustee for the period of January 1, 2024 to February 6, 2024 (the "**Proposal Trustee Taxation Period**"), and Torys for the period of January 1, 2024 to February 6, 2024 (the "**Torys Taxation Period**").
33. The total fees and expenses of the Proposal Trustee during the Proposal Trustee Taxation Period are \$97,142.50 (exclusive of GST), a summary of which is included below:

Proposal Trustee Fees & Disbursements - Taxation Period						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
<i>Taxation Period</i>						
#7	1-Jan-24 to 6-Feb-24	\$ 96,842.50	\$ 300.00	\$ 97,142.50	\$ 4,857.13	\$ 101,999.63
Total		\$ 96,842.50	\$ 300.00	\$ 97,142.50	\$ 4,857.13	\$ 101,999.63

34. The total fees and expenses of the Proposal Trustee's counsel during the Torys Taxation Period total \$84,411.50 (exclusive of GST), a summary of which is included below:

Torys Fees & Disbursements - Taxation Period						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
<i>Taxation Period</i>						
1631463	1-Jan-24 to 15-Jan-24	\$ 25,372.50	\$ -	\$ 25,372.50	\$ 1,268.63	\$ 26,641.13
1632172	16-Jan-24 to 31-Jan-24	\$ 41,039.00	\$ -	\$ 41,039.00	\$ 2,051.95	\$ 43,090.95
1633502	1-Feb-24 to 6-Feb-24	\$ 17,910.00	\$ 90.00	\$ 18,000.00	\$ 900.00	\$ 18,900.00
Total		\$ 84,321.50	\$ 90.00	\$ 84,411.50	\$ 4,220.58	\$ 88,632.08

35. The Proposal Trustee and its counsel's invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. The Monitor (former Proposal Trustee) will be filing to this Honourable Court an affidavit of professional fees and costs of the Proposal Trustee, as per the common practice in Edmonton.
36. The Proposal Trustee respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, given the substantive tasks required to be performed by the Proposal Trustee and its legal counsel within the NOI Proceedings, which are outline in paragraphs 16 and 85 - 97 of the Fifth Report.

EXTENSION OF THE STAY OF PROCEEDINGS

37. Pursuant to the ARIO, the Stay Period will expire on March 6, 2024. The Applicants are seeking an extension of the Stay Period to April 17, 2024 (the "Stay Extension").

38. The Monitor supports the Stay Extension for the following reasons:
- a) during the proposed extension of the Stay Period, the Companies will have an opportunity to conclude the SISP and potentially close a transaction, subject to approval by this Honourable Court;
 - b) it will afford the Companies and the Monitor sufficient time to advance and possibly complete the administration of the CCAA Proceedings;
 - c) the Companies are forecasted to have sufficient liquidity to continue operating in the ordinary course of business during the requested extension of the Stay Period;
 - d) no creditor of the Companies will be materially prejudiced by the extension of the Stay Period; and
 - e) in the Monitor's opinion, the Companies have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

CONCLUSIONS AND RECOMMENDATIONS

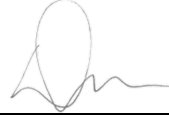
39. The Monitor respectfully recommends that this Honourable Court approve the following:
- a) the Monitor's request for the Restricted Court Access Order;
 - b) the professional fees and costs of the Proposal Trustee during the Proposal Trustee Taxation Period and its counsel during the Torys Taxation Period; and
 - c) extending the stay of proceedings up to and including April 17, 2024.

All of which is respectfully submitted this 28th day of February, 2024

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Monitor of the Companies
and not in its personal or corporate capacity**

A handwritten signature in blue ink, consisting of a stylized 'O' followed by a long horizontal stroke and a small 'S' shape at the end.



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

A handwritten signature in blue ink, featuring a large, looped 'D' followed by a series of connected, wavy lines.

Duncan MacRae, CPA, CA, CIRP, LIT
Vice President

APPENDIX A

Cash Flow Forecasts and Assumptions

Griffon Partners Operation Corp.											
Nine-Week Cash Flow Forecast ending April 19, 2024											
\$CAD 000's, unaudited											
	Notes	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	9 Week Total
	week ended	2024/02/23	2024/03/01	2024/03/08	2024/03/15	2024/03/22	2024/03/29	2024/04/05	2024/04/12	2024/04/19	
Cash Receipts											
Sales (production settlement)	1	1,437	-	-	-	-	1,420	-	-	-	2,857
Other receipts		-	-	-	-	-	-	-	-	-	-
Total cash receipts		1,437	-	-	-	-	1,420	-	-	-	2,857
Operating Cash Disbursements											
Field contract operator payments	2	-	(170)	-	-	-	-	(170)	-	-	(340)
Office contract consultant payments	2	-	(26)	(110)	-	-	-	(26)	(110)	-	(272)
JV Partner payments	3	-	(246)	-	-	-	(34)	-	-	-	(280)
Operating and transportation	2	(607)	(15)	(26)	-	-	(607)	(16)	(25)	-	(1,296)
Drilling, facilities and other acquisitions	4	-	-	-	-	-	-	-	-	-	-
Abandonment and reclamation	4	-	-	-	-	-	-	-	-	-	-
Surface and mineral leases	2	(18)	(115)	-	(81)	-	-	-	-	(93)	(307)
Royalties	2	-	-	(180)	-	-	-	(181)	-	-	(361)
Carbon taxes	2	-	-	(8)	-	-	-	(8)	-	-	(16)
Subtotal		(625)	(572)	(324)	(81)	-	(641)	(401)	(135)	(93)	(2,872)
Non-Operating Disbursements											
General and administrative	2	-	-	(8)	-	-	-	-	(8)	-	(16)
GST remittance	2	(15)	-	-	(35)	-	-	-	(35)	-	(85)
Companies' counsel fees	5	-	(125)	-	-	-	-	(125)	-	-	(250)
Transaction agent fees	5	-	(45)	-	(38)	-	(25)	-	(10)	50	(68)
Subtotal		(15)	(170)	(8)	(73)	-	(25)	(125)	(53)	50	(419)
Total Cash Disbursements		(640)	(742)	(332)	(154)	-	(666)	(526)	(188)	(43)	(3,291)
Net Cash Flow (before NOI Professionals)		797	(742)	(332)	(154)	-	754	(526)	(188)	(43)	(434)
CCAA Professional Fee Disbursements											
Monitor's fees	5	-	(100)	(95)	-	-	-	(75)	-	-	(270)
Monitor's counsel's fees	5	-	(50)	-	-	-	-	(50)	-	-	(100)
Net Cash Flow		797	(892)	(427)	(154)	-	754	(651)	(188)	(43)	(804)
Net Change in Cash											
Beginning of period		1,874	2,671	1,779	1,352	1,198	1,198	1,952	1,301	1,113	1,874
Net Cash Flow		797	(892)	(427)	(154)	-	754	(651)	(188)	(43)	(804)
Ending of period		2,671	1,779	1,352	1,198	1,198	1,952	1,301	1,113	1,070	1,070
UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS											
 Daryl Stepanic Director		February 28, 2024 Date		 Orest Konowalchuk, LIT Senior Vice President		February 28, 2024 Date					

Griffon Partners Operation Corp. (the "Company")

Notes to the Consolidated Statement of Cash Flow for the 9-week period ending April 19, 2024

Disclaimer

In preparing this cash flow forecast (the "**Forecast**"), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("**CCAA**"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or protections will be realized. The Forecast is presented in thousands of Canadian dollars.

Hypothetical and Probable Assumptions of the Cash Flow Statement

1. Cash receipts consist of forecast oil, other liquids and gas receipts based on forecast production at strip pricing as of February 22, 2024. Proceeds from production forecast are generally received on the closest business day to the 25th day of the following month (or the following business day for gas settlements).
2. All operating and other disbursements were estimated based on historical data and vendors requiring similar payment terms as the NOI period. As discussed above, there is a positive temporary timing variance with respect to disbursement of certain payments for surface and mineral lease holders, which are expected to be paid in the Forecast Period.
3. Working partner interest continues to be evaluated on a pre-Filing and post-Filing basis, while the Companies and the Monitor consider set-off rights and what may be required to be paid. The Companies continue to accrue for potential payments owing from the post-Filing period, but do not intend to make any payments without counterparty sign-off on settlement. As discussed above, there is a positive temporary timing variance with respect to these disbursements, which are forecast to be paid in the Forecast Period for conservatism, based on the Companies' current estimate of amounts owing.
4. No new drilling, abandonment or other associated activities are forecast to occur in the forecast period.
5. Professional fees include the fees and costs of counsel to GPOC, the Monitor and its legal counsel, and the Transaction Agent, in order to, among other things, complete and close the GPOC SISF. Included in this amount is payment of outstanding fees and costs of the Proposal Trustee for time spent between January 1, 2024 to February 6, 2024, as discussed above. The professional fees include the application of the \$50,000 held by the Transaction Agent against their remaining invoices.

CONFIDENTIAL APPENDIX 1

SISP Update