

# Sales and Investment Solicitation Process

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Griffon Partners Operation Corp.



## GRIFFON PARTNERS Operation Corp.

Light Oil and Natural Gas Producing Assets in  
Saskatchewan & Alberta Targeting the Viking Formation

Asset Backed Guarantee Valued at >\$50 Million  
(Potential Incremental Security Above E&P Assets in a Refinancing Transaction)

**October 2023**

ALVAREZ & MARSAL



# Opportunity Overview

*Alvarez & Marsal Corporate Finance and Investment Banking has been engaged as the transaction agent to solicit a potential sale, investment or refinancing for Griffon Partners Operation Corp., a private energy company with assets in western Canada. This overview is being provided to parties who have been identified as potentially having an interest in this opportunity.*

## Light Oil Investment Opportunity

- Griffon Partners Operation Corp. (“**GPOC**”) is a private E&P company with light oil and gas Viking assets in Alberta and Saskatchewan.
- The Company acquired its existing assets for \$70 million in July 2022. The acquisition was financed by a senior secured debt facility and a subordinated promissory note from the vendor.
- Current production of ~1,500 boe/d (~40% liquids) is projected to generate \$12 million of net operating income in 2023E. A modest development program can (i) grow run rate NOI to >\$24 million while improving netbacks, and (ii) maintain production at >1,700 boe/d through 2028 to generate >\$75 million in cumulative asset level free cash flow.
- GPOC has identified >100 light oil drilling locations, (76 booked by a third-party engineer) providing ample inventory for highly economic future growth where netbacks on incremental oil production exceeds \$90/bbl.
- Post-SISP transaction, the new or existing management team will be better positioned to execute on a strategy to develop its inventory of repeatable locations, supplemented by potential complimentary acquisitions of low-decline production.

## Key Operational and Financial Highlights

**>1,500<sub>boe/d</sub>**

YTD '23E Production

**>\$20<sub>MM</sub>**

2024E NOI

**\$45<sub>MM</sub>**

PDP10

**>\$60<sub>MM</sub>**

Tax Pools

**>\$50<sub>MM</sub>**

Marketable Securities  
(Refinancing Transaction)

*Based on Oct. 11 strip to June 2024, flat pricing thereafter of US\$80 WTI, \$2.50 AECO and 0.73 CAD/USD FX.*

## Sales and Investment Solicitation Process

- On October 18, the court approved a sales and investment solicitation process (“**SISP**”) to solicit interest in, and opportunities for, a sale of, or investment in, all or part of GPOC’s business and operations.
- The outcome of the SISP will result in one or a combination of the following:
  - I. Refinancing of the existing debtors with a new credit facility (a “**Refinancing Transaction**”);
  - II. An investment in GPOC or its affiliates (a “**Share Transaction**”);
  - III. The purchase of some or all of the GPOC assets (an “**Asset Transaction**”).
- **Interested parties must submit a non-binding letter of intent by 4:00p.m. Mountain Time on Tuesday, December 12, 2023.**

## Quality Producing Asset, Ready to Drill Inventory

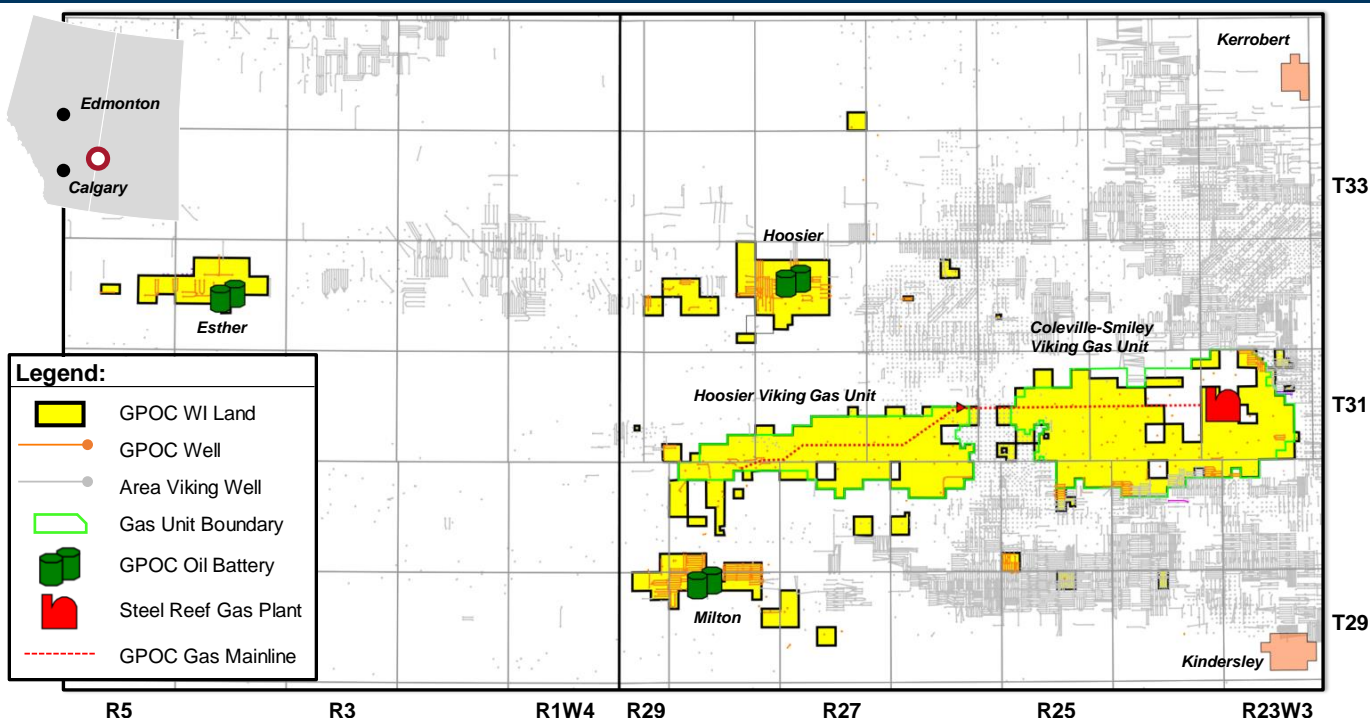
- Mature, predictable and low decline (~14%) oil and gas production targeting the Viking formation.
- Extensive inventory of >100 light oil drilling locations with single well IRRs that typically exceed 100% and achieve payback on invested capital in as little as 6 months. Drilling locations are on a held by production leasehold with an average working interest of ~75%.
- Properties offset recent industry activity by Saturn, Astara, Obsidian, Novus, Teine, Ish and Whitecap that are yielding strong results.
- Clean oil is trucked from three main operated batteries providing optionality at different delivery points.
- Gas produced from Viking units is gathered and delivered to Steel Reef's 4-20-31-23W3 Gas Plant via a mainline with GPOC owned gas compression that recovers ~30 bbls/mmcf from the gas stream.

Booked (Gross)	Hoosier	Milton	Esther	Coleville	Total
PUDs (#)	22	17	10	0	49
P+PUDs (#)	14	3	4	6	27
EURs (mboe)*	40-90	50-130	40-75	35-140	

76 total booked locations

\*YE 2022 third-party reserve estimates, laterals ranging from 0.25-1.25 mile

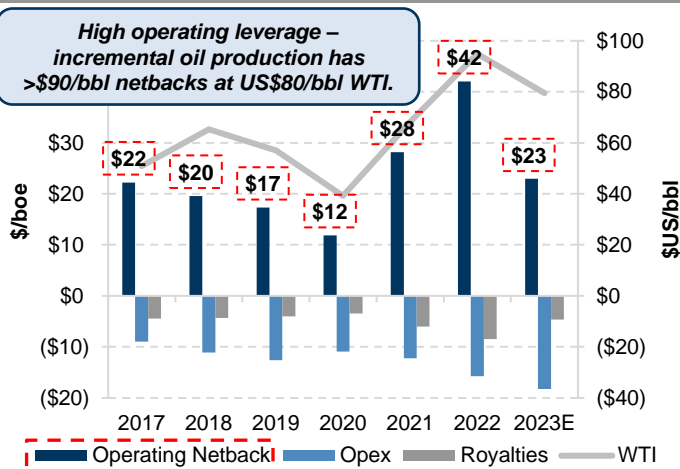
## Five Operating Areas in Alberta and Saskatchewan



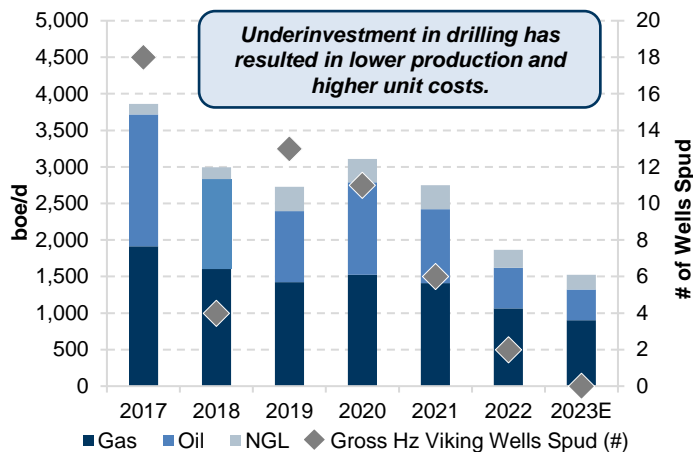
# Financial & Operations Overview

## Value Enhanced Through Low-Risk Development

### Operating Netbacks since 2017 (\$/boe)



### Production since 2017 (boe/d)



Note: Data prior to July 21, 2022, is from the previous operator.

## Reserves & ARO Summary

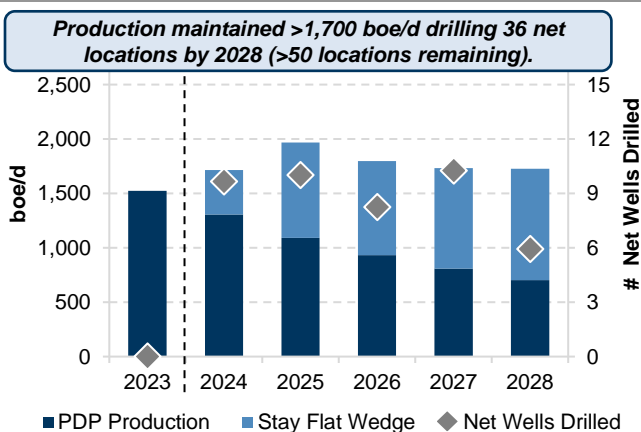
Reserves	MMboe	\$MM, NPV10
PDP Reserves	3.8	\$53.5
1P Reserves	6.0	\$90.0
2P Reserves	9.7	\$152.5

ARO (\$MM)	Active	Inactive	Total
Wells	8.2	6.3	14.5
Facilities	4.0	-	4.0
<b>Total</b>	<b>\$12.2</b>	<b>\$6.3</b>	<b>\$18.5</b>

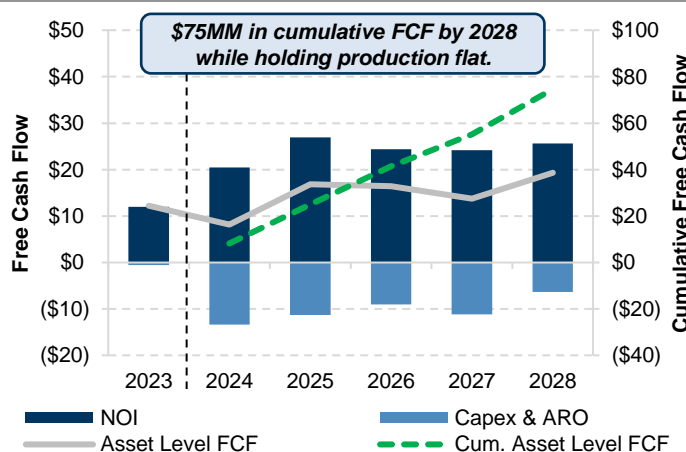
Based on the year-end 2022 report prepared by third-party evaluator and 3 Consultant Average pricing.

## Financial Forecast Summary

### Production Forecast (boe/d)



### Asset Level Free Cash Flow Forecast (\$MM)



# Process Overview

## Sales and Investment Solicitation Process

On August 25, 2023, GPOC and its related entities 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, c. B-3, as amended (the “**BIA**”). Alvarez and Marsal Canada Inc. was appointed as the trustee under the proposal (the “**Proposal Trustee**”) of the Debtors.

On October 18, 2023, the Alberta Court of King’s Bench (the “**Court**”) approved a SISP to solicit interest in, and opportunities for, a sale of, investment in, or refinancing of, all or part of GPOC’s business and operations.

Pursuant to Court approval, the SISP is being conducted by Alvarez & Marsal Canada Securities ULC (“**Transaction Agent**”).

**Interested parties wishing to pursue a transaction are to submit a non-binding letter of intent by 4:00p.m. Mountain Time on Tuesday, December 12, 2023.**

## Process Timeline

Key Milestones	Date
Non-binding LOI submission deadline	December 12, 2023
Final bid deadline	January 8, 2024
Notification of auction and auction date (if applicable)	January 22, 2024; and January 24, 2024
Finalization of definitive documents for successful bid	January 26, 2024 (if no Auction); or February 5, 2024 (if auction)
Court approval of successful bid	January 30, 2024 (if no Auction); or February 9, 2024 (if auction)

## Next Steps / Process

Interested parties who wish to pursue a potential investment are required to execute a Non-Disclosure Agreement; please email a respective party below for further information.



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