

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



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 SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

OSLER, HOSKIN & HARCOURT LLP

Suite 2700, Brookfield Place
255 – 6th Avenue SW
Calgary, AB T2P 1N2

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