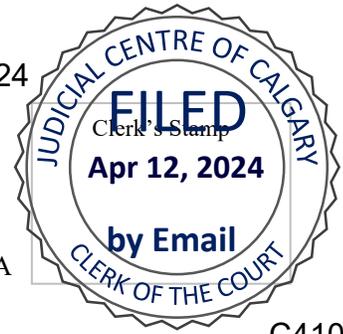


COM April 17, 2024



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*, 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 **FOURTH REPORT OF ALVAREZ & MARSAL
CANADA INC. IN ITS CAPACITY AS MONITOR**

APRIL 10, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR
ALVAREZ & MARSAL CANADA INC.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H7
Orest Konowalchuk/Duncan MacRae
Telephone: (403) 538-4736 / (403) 538-7514
Email: okonowalchuk@alvarezandmarsal.com /
dmacrae@alvarezandmarsal.com

COUNSEL TO THE MONITOR
Torys LLP
525 - 8th Avenue SW, 46th Floor, Eighth Avenue Place East
Calgary, Alberta T2P 1G1
Kyle Kashuba
Telephone: (403) 403-776-3744
Email: kkashuba@torys.com
File: 39108-2010

TABLE OF CONTENTS OF THE FOURTH REPORT OF THE MONITOR

INTRODUCTION3

PURPOSE.....6

TERMS OF REFERENCE AND DISCLAIMER7

ACTIVITIES OF THE MONITOR.....8

ENHANCED MONITOR POWERS10

SPICELO UPDATE12

PROPOSED INTERIM DISTRIBUTION15

STAY EXTENSION19

APPROVAL OF PROFESSIONAL FEES AND EXPENSES20

RECOMMENDATIONS.....21

APPENDIX

CONFIDENTIAL APPENDIX 1

Proposed Interim Distribution Calculations

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**”) (collectively referred to as the “**Applicants**” or “**Companies**”) 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. (“**A&M Inc.**”) consented to act as Trustee under the Proposal (“**Proposal Trustee**”).
2. For the purposes of this fourth report (the “**Fourth Report**” or “**this Report**”), GPHC, GPCM, 801 AB, 799 AB, 815 AB and Stellion are collectively referred to as the “**Holding Companies**” and GPOC and the Holding Companies are together referred to as the “**Griffon Entities**”.
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 various dates between September 2023 and January 2024 and were granted a number of stay extension orders, an order approving a sales and investment solicitation process (“**SISP**”) and orders approving the actions, activities, conduct, professional fees and costs of A&M Inc., acting in its capacity as the Proposal Trustee in the entire NOI Proceedings, and its counsel.
4. On February 7, 2024, this Honourable Court granted the Companies an initial order (the “**Initial Order**”) as well as an amended and restated initial order (the “**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 and appointed A&M Inc. as monitor pursuant to the provisions of the CCAA (in such capacity, the “**Monitor**”).
5. On March 6, 2024, this Honourable Court granted a further extension to the stay of proceedings for the Griffon Entities and the Holding Companies up to and including April 17, 2024. Spicelo was granted a separate extension to the stay of proceedings up to and including March 26, 2024. On March 26, 2024, Spicelo was granted an additional one day extension of the stay of proceedings up to and including March 27, 2024 to allow the Court to consider an application and cross-application by the Applicants and the Senior Secured Lenders (as defined herein), respectively, for the granting of enhanced powers to the Monitor, or alternatively, placing Spicelo into receivership and appointing a receiver.
 6. On March 27, 2024, this Honourable Court granted an order enhancing the powers of the Monitor in order to allow the Monitor to carry out many of the functions, duties and powers that would normally be carried out by the director of Spicelo, or a receiver appointed over Spicelo, to ensure an orderly and efficient transaction of Spicelo’s assets (or so much thereof as may be necessary) to pay the Senior Secured Lenders their outstanding indebtedness in full (the “**Spicelo EMP Order**”) and an extension of the stay of proceedings for Spicelo to April 17, 2024.
 7. On April 10, 2024, this Honourable Court approved, among other things, a share purchase and sale agreement (“**SPA**”) between GPHC (as “**Vendor**”), GPCM and Metamorphic Energy Corp. (“**Metamorphic**”, or “**Purchaser**”) ¹ and granted an approval and reverse vesting order (“**RVO**”) to complete and implement the SPA (the “**Share Purchase Transaction**”). This Honourable Court further approved an order approving additional protections for the Monitor pursuant to the Spicelo EMP Order.

¹ On April 8, 2024, Metamorphic assigned its interests to an affiliated entity, 2600389 Alberta Ltd.

8. The Griffon Entities and the Holding Companies are now applying to this Honourable Court seeking the following relief, among other things:
 - a) an order enhancing the powers of the Monitor over the Griffon Entities and the Holding Companies (with the same functions, duties and powers and protections granted to the Monitor over Spicelo), which would normally be carried out by the director of the Griffon Entities, or a receiver appointed over the Griffon Entities and the Holding Companies (the “**Griffon EMP Order**”); and
 - b) a further extension to the stay of proceedings for the Griffon Entities and the Holding Companies up to and including May 17, 2024.

9. In conjunction with the Applicants, the Monitor is applying to this Honourable Court seeking an order for the following:
 - a) an order seeking approval for the Monitor (if the Griffon EMP Order is granted) to make a distribution to Signal Alpha C4 Limited and Trafigura Canada Ltd. from the Share Purchase Transaction, subject to Court approval on April 10, 2024 and subject to the resolution of the application pursuant to the doctrine of marshalling and subrogation in favour of the Companies;
 - b) an order seeking approval for the Monitor to distribute the net proceeds from each of the receipt of the Greenfire Dividend (as defined herein) and the sale of the Spicelo shares to the Senior Secured Lenders;
 - c) an extension to the stay of proceedings for Spicelo up to and including May 17, 2024, to align with the Griffon Entities’ and the Holding Companies’ stay extension request; and
 - a) approval of the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report.

10. This Report should be read in conjunction with the affidavit of Mr. Daryl Stepanic sworn April 8, 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

11. The purpose of this Fourth Report is to provide this Honourable Court and the Companies’ stakeholders with the Monitor’s considerations and recommendations with respect to the following:
 - a) a brief update concerning the activities of the Monitor since the Third Report of the Monitor dated April 3, 2024 (the “**Third Report**”);
 - b) an update on the Companies’ restructuring efforts since the Third Report;
 - a) an update on the Spicelo GFR share negotiation amongst the stakeholders respecting the Spicelo EMP Order;
 - c) the application by the Griffon Entities and the Holding Companies to enhance the Monitor’s powers through the granting of the proposed Griffon EMP Order;
 - d) the proposed interim distributions to the Senior Secured Lenders (including the application for a restricted court access order – the “**Restricted Court Access Order**”) – concerning Confidential Appendix ‘1’ to this Report);
 - e) approval of the Monitor to implement its sales strategy to sell the Spicelo GFR shares, without further order of this Honourable Court;
 - f) the extension of the stay of proceedings for the Griffon Entities, the Holdings Companies and Spicelo;
 - g) approving the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report; and
 - h) the Monitor’s recommendations.

12. Further background of the Companies, their operations and the SISP is contained in the materials filed in the NOI Proceedings and CCAA Proceedings, which can be found on the Website.

TERMS OF REFERENCE AND DISCLAIMER

13. 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 Companies' 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.
14. 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.
15. All references to dollars are in Canadian currency unless otherwise noted.

ACTIVITIES OF THE MONITOR

16. The Monitor's activities since the Third Report (dated April 3, 2024) have included the following:
- a) continued 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;
 - b) various communications and meetings with Management, the Monitor's legal counsel, the Companies' legal counsel and the Companies' sales advisor, Alvarez & Marsal Canada Securities ULC (the "**Transaction Agent**") relating to the SISP and certain restructuring matters;
 - c) various communication with Metamorphic and their counsel respecting a final definitive agreement and completion of final due diligence with Metamorphic in consultation with Torys, the Companies and their legal counsel, and the Transaction Agent;
 - d) various communications and meetings with Senior Secured Lenders responding to questions relating to closing matters of the Share Purchase Transaction;
 - e) a review of the materials filed by Tamarack Valley Energy Ltd. ("**Tamarack**") and Spicelo in relation to their arguments concerning the marshalling issue (as set out in their filed application and in response to an application brought by the Companies);
 - f) receipt and review of materials filed by Tamarack in relation to an Application for Order for Service *Ex Juris* for the questioning of Mr. Jonthan Klesch, sole beneficial shareholder of Spicelo (the "**Spicelo Shareholder**");
 - g) multiple communications and ongoing meetings with Management and Sproule respecting the Griffon Entities operations and financial cash flow reporting;

- h) monitoring the Companies' cash flow actual results Management's forecasts and discussing variances with Management and providing updates to the Senior Secured Lenders on same;
- i) communication with the Saskatchewan MER and the AER and providing updates on the SISP and the CCAA Proceedings;
- j) attending an application within the CCAA Proceedings respecting the Share Purchase Transaction and approval of the RVO;
- k) continued communication with the Senior Secured Lenders, the Spicelo Shareholder and Tamarack discussing the Spicelo EMP Order and seeking comments on a potential "pre-authorization" agreement;
- l) evaluating proposals of potential brokers for the Monitor to consider engaging for the realization of the GFR shares held by Spicelo and selecting the same;
- m) extensive communication and review of materials submitted by the Senior Secured Lenders, Tamarack, Companies' counsel and other stakeholders respecting the negotiations concerning the contents of the form of Spicelo EMP Order;
- n) continued requests and communications with the Senior Secured Lenders and the Collateral Agent (as defined below) seeking the transfer of the GFR shares into the Monitor's possession and opening a broker account for this purpose, and the collection of the approximate USD \$6.6 million dividend that Spicelo will receive upon conversion of the Greenfire shares into the GFR publicly traded shares (the "**Spicelo Dividend**"); and
- o) ongoing monitoring of the Companies' financial affairs, and other activities by the Monitor.

Marshalling

17. GPOC purchased its assets from Tamarack on July 21, 2022, for CAD \$70 million. As part of the sale, Tamarack issued a CAD \$20 million seller financing note (the

- “**Subordinated Secured Debt**”), which has a maturity date of July 21, 2025, and bears interest at 12% per annum. Interest not paid in cash can be paid in-kind (“**PIK**”) at 14% interest rate and deemed to be added to the principal amount. To date, all interest has been PIK.
18. The Subordinated Secured Debt is subordinated to the interests of the Senior Secured Lenders, is only secured by the assets of GPOC and does not share the same security package as the Senior Secured Lenders (who alone have security in the Spicelo Collateral).
19. On March 25, 2024, the applications pursuant to the doctrine of marshalling and subrogation brought by each of Tamarack and the Companies were adjourned *sine die*. The Monitor understands that Tamarack and the Companies intend to attend before this Honourable Court on April 12, 2024 to speak to the marshalling applications.

ENHANCED MONITOR POWERS

20. An overview of the major components contemplated in the proposed Share Purchase Transaction are set out in the Third Report. The completion of the SPA is expected to occur sometime between April 15 and 17, 2024 (the “**Closing Date**”). On the Closing Date, the consideration listed in the PSA (the “**Purchase Price**”), less the adjustment², will be deposited with the Vendor (GPHC).
21. Upon closing of the SPA, the Griffon Entities will no longer have any business to carry out and no employees or consultants to complete the CCAA Proceedings. There are a number of tasks that will be required to complete the administration of the CCAA Proceedings, including but not limited to:

² The Purchase Price payable at Closing will be adjusted based on a minimum cash balance as quantified in the SPA (the “**Minimum Cash**”). If the aggregate cash balance in GPOC at April 2, 2024 (“**April 2 Cash Balance**”) is less than the Minimum Cash, the Purchase Price payable by Metamorphic at Closing shall be reduced by an amount equal to the amount the difference between the Minimum Cash and the April 2 Cash Balance.

- a) finalizing the reconciliation of GPOC's working partner interest amounts owing and making those payments;
- b) awaiting the Court's determination of the applications pursuant to the doctrine of marshalling and subrogation brought by each of Tamarack and the Companies, and distributing funds in accordance thereto; and
- c) potentially bankrupting one or more of the Griffon Entities and performing a cost allocation, as required, in order to conclude these CCAA Proceedings in the most cost effective manner possible.

22. Given the Monitor's extensive involvement in this matter, first in the NOI Proceedings and then in the CCAA Proceedings, the Griffon Entities and the Holding Companies believe that the Monitor is best suited to carry out the remaining duties necessary and is considered an efficient solution to conclude the CCAA Proceedings. Therefore, the Applicants are seeking the proposed Griffon EMP Order that, if granted, would authorize the Monitor to do a number of things in addition to its powers set forth in the ARIO, including the following:

- a) to take any and all actions and steps to manage, operate, and carry on the business, including, without in any way limiting the generality of the foregoing:
 - i. any actions or steps the Monitor considers necessary or desirable to proceed with an orderly liquidation of the business and conclude these CCAA Proceedings;
 - ii. any and all actions or steps the Griffon Entities are authorized, entitled, or empowered to take by virtue of the Orders made in these proceedings (including making an assignment in bankruptcy for the Griffon Entities or any of them);
 - iii. receiving and collecting all monies currently in the Griffon Entities' possession, and receiving and collecting all monies and accounts now owed or hereafter owing to the Griffon Entities and exercising all remedies of the Griffon Entities in collecting such monies; and

- b) to preserve and protect the Griffon Entities' Property, or any parts thereof;
- c) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- d) to perform such other duties as are required and as may be ordered.

(collectively, the “**Griffon Enhanced Powers**”).

- 23. The Griffon EMP Order contemplates the Order becoming effective upon the Monitor filing a certificate with the Court at the point in time when it determines the Griffon Enhanced Powers are necessary. The Monitor anticipates filing this certificate following the closing of the SPA.
- 24. The Griffon Enhanced Powers will also benefit the estate, as the Applicants will no longer require their own legal counsel and attendant fees, therefore reducing the incurrence of further professional fees.
- 25. The Monitor is unaware of the Senior Secured Lenders' and Tamarack's views of the Griffon Entities' and the Holding Companies' application to seek the Griffon Enhanced Powers.
- 26. The Monitor wishes to make it clear that it is not advocating for the Griffon Enhanced Powers, but views this as a reasonable and efficient approach to administer the remainder of the CCAA Proceedings. The Monitor is prepared to take on these new additional roles should this Court deem this to be the appropriate path forward.

SPICELO UPDATE

- 27. 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 (the “**Pledged Shares**”) held in a private company called Greenfire

Resources Inc. (“**Greenfire**”)³. Upon conversion of the shares Spicelo owns in Greenfire, Spicelo will own 5,499,506 shares in the publicly traded Greenfire Resources Ltd. (“**GFR**”).

28. As part of the security package to the Senior Secured Lenders, Spicelo provided a Limited Recourse Guarantee and Securities Pledge Agreement dated July 21, 2022, with respect to (a) the Pledged Shares; and (b) the Spicelo Dividend (together, the “**Spicelo Collateral**”) that Spicelo will receive upon conversion of the Greenfire shares into the GFR publicly traded shares. The Pledged Shares are in the possession of GLAS Americas LLC as collateral agent (the “**Collateral Agent**”) for the Senior Secured Lenders.
29. On March 27, 2024, this Honourable Court granted the Spicelo EMP Order. Since the granting of the Spicelo EMP Order, the Monitor:
 - a) hosted a meeting with the Senior Secured Lenders and their counsel respecting their views on the GFR shares and the marketing of them;
 - b) has reviewed various communications between counsel to various stakeholders respecting the form of Spicelo EMP Order and potential amendments thereto, and provided advice on same;
 - c) initiated conversations with qualified and experienced brokerage firms to assist the Monitor in developing a strategy to executed upon a realization process on the GFR shares to be recommended to the stakeholders; and
 - d) initiated conversations with legal counsel to the Collateral Agent discussing the conversion of the Greenfire shares to GFR shares which will, among other things, trigger the release of the Spicelo Dividend.
30. The Spicelo EMP Order authorizes the Monitor (as the “**Spicelo Enhanced Monitor**”) to, among other things, sell or otherwise enter into transactions

³ Greenfire has undergone a business combination whereby the shares were combined with various entities, with the newly combined company’s shares listed on the NYSE under the ticker symbol ‘**GFR**’.

respecting the Spicelo Collateral or any part or parts thereof out of the ordinary course of business, either:

- a) with the written prior approval of the Spicelo Shareholder, the Senior Secured Lenders and Tamarack, and after consulting with GFR, which written prior approval may be provided by way of a written agreement entered into between the Spicelo Shareholder, the Senior Secured Lenders and Tamarack (and after consultation with GFR) which provides the Monitor with direction and authority to accept an offer or bid for the Spicelo Collateral immediately without requiring pre-approval from the Court and without requiring specific approval from the Spicelo Shareholder, the Senior Secured Lenders and Tamarack for each bid as it is received;
 - b) in accordance with the terms of any sale process which may be granted by this Court on subsequent application by the Monitor; or
 - c) with the approval of this Court on application by the Monitor.
31. The Spicelo Enhanced Monitor has discussed parameters to sell the GFR shares with the brokerage firms, in the course of developing a strategy to be executed upon a realization process on the GFR shares, to be recommended to the stakeholders. These parameters include selling sufficient GFR shares to pay the Senior Secured Lenders the April 30 Estimated Indebtedness (as defined below), less the GPOC net proceeds and the Spicelo Dividend.
32. Nothing will preclude the Spicelo Enhanced Monitor from selling additional GFR shares should Tamarack be successful in its application concerning to the doctrine of marshalling and subrogation.
33. The Spicelo Enhanced Monitor has organized discussions with the Spicelo Shareholder, the Senior Secured Lenders and Tamarack, with the intent to obtain prior approval on these parameters. On April 10, 2024, an agreement for this prior approval was achieved, with all relevant stakeholders, on certain terms.

PROPOSED INTERIM DISTRIBUTION

Security Opinion

34. As discussed in the Third Report, the Monitor requested a written opinion from Torys, confirming the validity and enforceability of the security interests held by the Senior Secured Lenders (as senior secured creditors) and Tamarack (as subordinated secured creditor) over the Property of GPOC. The security granted by:
- a) GPOC in favour of the Senior Secured Lenders has been validly executed and delivered, and has been perfected and registered in accordance with the laws of the Provinces of Alberta and Saskatchewan; and
 - b) GPOC in favour of Tamarack has been validly executed and delivered, and has been perfected and registered in accordance with the laws of the Provinces of Alberta and Saskatchewan.
35. The Senior Secured Lenders' security is enforceable in accordance with its terms as against all of the real and present and after acquired personal property of GPOC, and as against Spicelo's property, as guarantor.
36. Tamarack's security is enforceable in accordance with its terms as against all of the real and present and after acquired personal property of GPOC (subordinated to the Senior Secured Lenders), on the GPOC assets only. The Monitor notes that the subordinated secured priority of Tamarack's claim may be affected by the outcome of the hearing pertaining to the marshalling and subrogation issues.

Senior Secured Lender's Indebtedness

37. On July 21, 2022, GPOC borrowed USD \$35,869,565.21 (the "**Senior Secured Loan**") from the Senior Secured Lenders with GLAS USA LLC as administrative agent, and GLAS Americas LLC as collateral agent (the "**Collateral Agent**") pursuant to a loan agreement signed between GPOC and the Senior Secured Lenders (the "**Senior Loan Agreement**"). The advance under the Senior Secured Loan was made to GPOC with an original issue discount of USD \$2,869,565.21,

such that USD \$33,000,000.00 was advanced to GPOC on closing (the “**Funded Loan Amount**”). The loan bears interest at 9.5% plus prime.

38. 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 August 16 Indebtedness, including solicitor and client legal expenses (the “**August 16 Indebtedness**”).
39. The Senior Loan Agreement contains a repayment clause that stipulates that the multiple on invested capital (“**MOIC**”) be above 1.4 times the Funded Loan Amount, as shown in the table below:

Griffon Partners Operation Corp. MOIC Calculation	
<i>Unaudited, \$USD</i>	
Funded Loan Amount	33,000,000
MOIC	1.40 x
MOIC Amount	46,200,000
Payments¹	(8,261,945)
Indebtedness	37,938,055
Note 1: Payments include OID, interest, principal and fees paid.	

40. The amount outstanding in interest, principal and fees as at August 16, 2023, was less than the MOIC. As such, the August 16 Indebtedness is the amount owing under the MOIC.
41. On April 5, 2024, the Senior Secured Lenders confirmed with the Spicelo Enhanced Monitor that the August 16 Indebtedness increased by approximately USD\$2.98 million over approximately the past 8.5 months from USD \$37.94 million (August 16, 2023) to USD \$40.91 million (estimate as at April 30, 2024), with the increase broken down as follows: (i) accrued interest, plus default interest and agent fees totaling USD \$2.13 million; and (ii) Senior Secured Lender legal fees totaling USD \$0.85 million (“**Senior Secured Lender Legal Fees**”). The increase from the

August 16 Indebtedness to the estimated indebtedness as at April 30, 2024 (the “April 30 Estimated Indebtedness”) is shown in the table below:

Griffon Partners Operation Corp.			
Indebtedness			
<i>Unaudited, \$USD</i>			
	<u>August 16, 2023</u>	<u>April 30, 2024</u>	<u>Variance</u>
Principal	\$ 34,188,509	\$ 34,188,509	
Interest & Fees	593,116	5,880,701	
MOIC	3,156,429	-	
Subtotal	\$ 37,938,055	\$ 40,069,210	<i>2,131,155</i>
Legal Fees	-	845,588	<i>845,588</i>
Total	\$ 37,938,055	\$ 40,914,798	\$ 2,976,743

42. The Spicelo Enhanced Monitor is proposing to sell sufficient GFR shares in order to repay the April 30 Estimated Indebtedness.
43. As a result, the Monitor is recommending the approval of the initial interim distributions to the Senior Secured Lenders for amounts owing and outstanding to the Senior Secured Lenders as at April 30, 2024, subject to confirmation and verification of calculated amounts of both principal, interest, fees and legal fees incurred by counsel to the Senior Secured Lenders. The Monitor proposes the release of all amounts that are not contested to the Senior Secured Lenders from the sale of the GFR Shares forthwith. Any amounts that are not verified (as discussed above) or are contested, shall be held by the Monitor in its bank account, until such time these amounts have been agreed to or upon further order of this Honourable Court.
44. The Spicelo Enhanced Monitor reiterates it is proposing to sell sufficient GFR share in order to repay the April 30 Estimated Indebtedness. However, should additional GFR shares be sold, the Monitor is recommending such additional proceeds be held by the Monitor and be paid in accordance with the Spicelo EMP Order.

Proposed Griffon Entities Interim Distribution

45. A calculation of the proposed interim distribution from the Griffon Entities to the Senior Secured Lenders (the “**Proposed Griffon Entities Interim Distribution**”) is attached hereto as a confidential appendix (“**Confidential Appendix 1**”).
46. Due to the confidential nature of the information contained in Confidential Appendix 1, the Monitor is concerned that, if the information is disclosed to third parties prior to the completion of the SISP and closing of SPA (subject to Court approval), 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 Restricted Court Access Order.
47. Payment of the Proposed Griffon Entities Interim Distribution will be subject to the resolution of the applications pursuant to the doctrine of marshalling and subrogation in favour of the Companies (i.e., this Court determines that either marshalling does not apply or if marshalling applies, the claim of Spicelo subrogates to the Senior Secured Lenders’ claim against GPOC).
48. If the application pursuant to the doctrine of marshalling and subrogation is resolved in favour of Tamarack (i.e. this Court determines that marshalling applies and the claim of Spicelo does not subrogate to the Senior Secured Lenders’ claim against GPOC), additional GFR shares will need to be sold and the proceeds of the Griffon Entities will not be distributed until either the Senior Secured Lenders’ claim has been satisfied by Spicelo or all of Spicelo’s assets have been realized and a shortfall exists. In those circumstances, a revised distribution scheme will be proposed at such time.

Proposed Spicelo Interim Distribution

49. The Spicelo Enhanced Monitor is seeking an interim distribution to the Senior Secured Lenders (subject to confirmation and verification of calculated amounts of both principal, interest, fees and legal fees incurred by counsel to the Senior

Secured Lenders) in the amount of the April 30 Estimated Indebtedness less the Proposed Griffon Entities Interim Distribution (the “**Proposed Spicelo Interim Distribution**”). A calculation of the estimated Proposed Spicelo Interim Distribution is attached hereto in Confidential Appendix 1.

STAY EXTENSION

50. Pursuant to the order of March 6, 2024, the stay of proceedings for the Griffon Entities and the Holding Companies will expire on April 17, 2024. Pursuant to the order of March 27, 2024, the stay of proceedings for Spicelo will also expire on April 17, 2024. The Griffon Entities, the Holding Companies and Spicelo are collectively seeking an extension of the stay of proceedings to May 17, 2024 (the “**Stay Extension**”).
51. The Monitor supports the Stay Extension for the following reasons:
- a) no creditor of the Applicants will be materially prejudiced by the extension of the Stay Period;
 - b) the Applicants continue to maintain sufficient cash availability to continue to operate during the existing stay period of May 17, 2024 and does not require any interim financing (and has not required to date);
 - c) in the Monitor’s opinion, the Applicants have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order;
 - d) this will allow the Spicelo Enhanced Monitor to realize the Spicelo Collateral to the benefit of the Senior Secured Lenders and make the Proposed Spicelo Interim Distribution; and
 - e) this will allow the Griffon Enhanced Monitor (if appointed) to distribute the proceeds from the Griffon Entities’ estates and initiate to wind-down the CCAA for the Companies.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

52. The Monitor and its legal counsel have now rendered their invoices for their respective fees and disbursements for services in connection with the CCAA Proceedings and are seeking approval of this Honourable Court.
53. The Monitor seeks approval from this Honourable Court of the professional fees and disbursements of the Monitor for the period of January 8, 2024 to February 29, 2024 (the “**Monitor Taxation Period**”), and Torys for the period of February 7, 2024 to March 15, 2024 (the “**Torys Taxation Period**”).
54. The total fees and expenses of the Monitor during the Monitor Taxation Period are \$110,997.32 (exclusive of GST), a summary of which is included below:

Monitor Fees & Disbursements - Taxation Period						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
<i>Taxation Period</i>						
#1	8-Jan-24 to 29-Feb-24	\$ 106,202.00	\$ 4,795.32	\$ 110,997.32	\$ 5,549.87	\$ 116,547.19
Total		\$ 106,202.00	\$ 4,795.32	\$ 110,997.32	\$ 5,549.87	\$ 116,547.19

55. The total fees and expenses of the Monitor’s counsel during the Torys Taxation Period total \$100,203.50 (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>						
1633501	7-Feb-24 to 15-Feb-24	\$ 30,025.50	\$ -	\$ 30,025.50	\$ 1,501.28	\$ 31,526.78
1634920	16-Feb-24 to 29-Feb-24	\$ 39,511.00	\$ 70.00	\$ 39,581.00	\$ 1,979.05	\$ 41,560.05
1636007	1-Mar-24 to 15-Mar-24	\$ 30,514.00	\$ 83.00	\$ 30,597.00	\$ 1,525.70	\$ 32,122.70
Total		\$ 100,050.50	\$ 153.00	\$ 100,203.50	\$ 5,006.03	\$ 105,209.53

56. The Monitor 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 in question. Copies of the invoices of the Monitor and Torys will be delivered to this Honourable Court for

its review. On April 3, 2024, the Monitor and Torys informed the Senior Secured Lenders and Tamarack that should they wish to review these invoices, the Monitor and Torys have no concerns and will deliver them if the request by the Senior Secured Lenders and/or Tamarack is made.

57. The Monitor 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 Monitor and its legal counsel in connection with the CCAA Proceedings.

RECOMMENDATIONS

58. The Monitor respectfully recommends that this Honourable Court approve the following:
- a) the Monitor's request for the Restricted Court Access Order;
 - b) the Griffon EMP Order;
 - c) approving the Monitor (if appointed under the Griffon EMP Order, or in the absence of the appointment, the Griffon Entities) to make the Proposed Griffon Entities Interim Distribution, subject to the resolution of the application pursuant to the doctrine of marshalling and subrogation in favour of the Companies;
 - d) approving the Spicelo Enhanced Monitor to make the Proposed Spicelo Interim Distribution;
 - e) extending the stay of proceedings for the Companies up to and including May 17, 2024; and
 - f) the Monitor's request to approve the actions, activities and conduct of the Monitor as reported in this Report, including the fees and disbursements of the Monitor and its counsel, Torys LLP, as set out in this Report.

All of which is respectfully submitted this 10th day of April, 2024

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



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



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

Confidential Appendix 1