

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

>1,500boe/d

YTD '23E Production

>\$20MM

2024E NOI

\$45MM

PDP10

>\$60MM

Tax Pools

>\$50MM

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

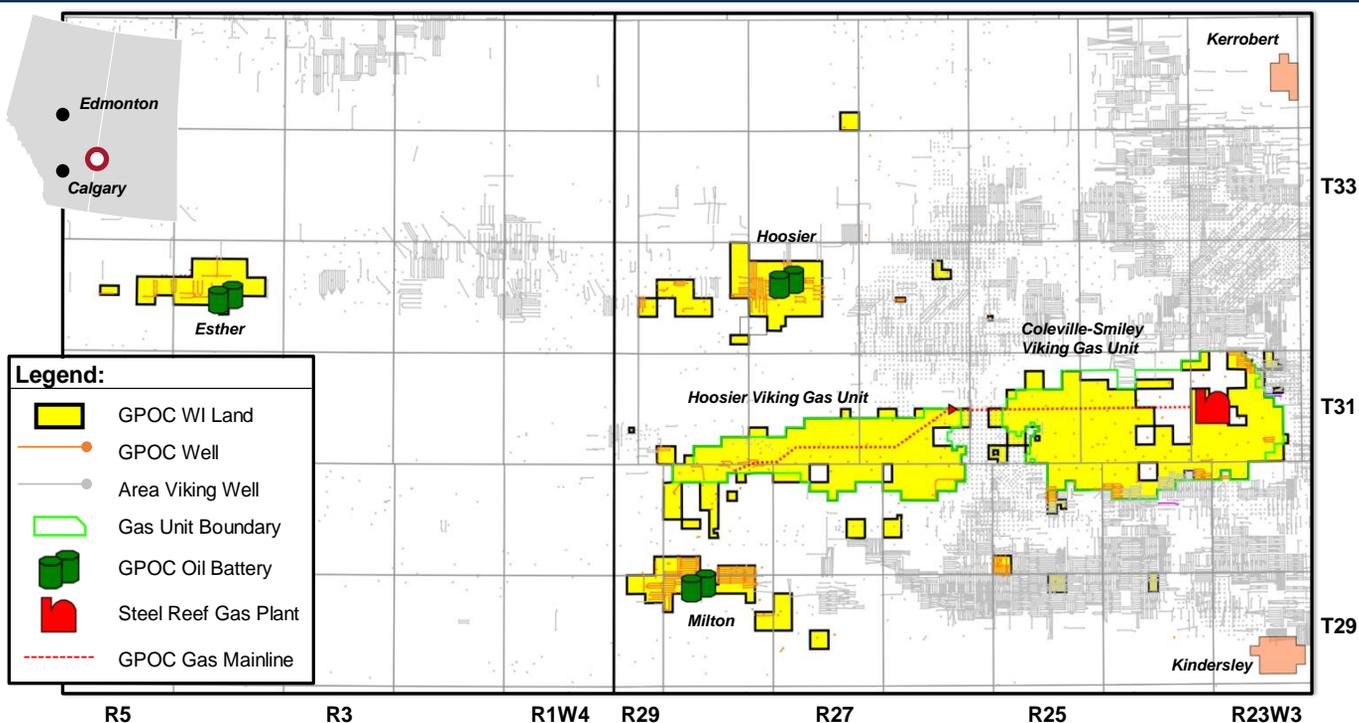
- Mature, predictable and low decline (~14%) oil and gas production targeting the Viking formation.
- Extensive inventory of >100 light oil drilling locations with single well IRRs that typically exceed 100% and achieve payback on invested capital in as little as 6 months. Drilling locations are on a 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

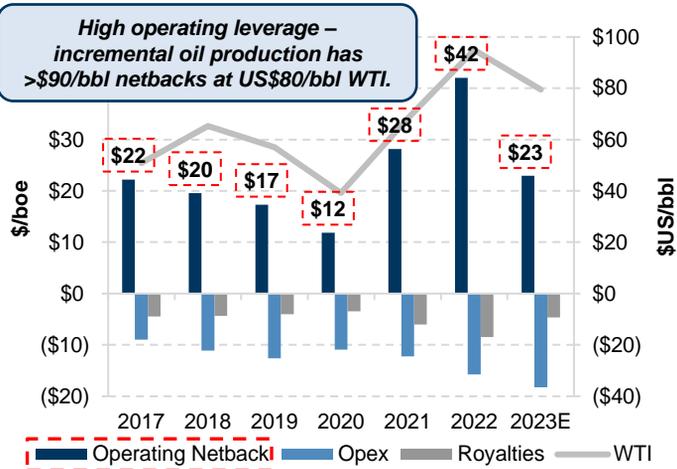
Five Operating Areas in Alberta and Saskatchewan



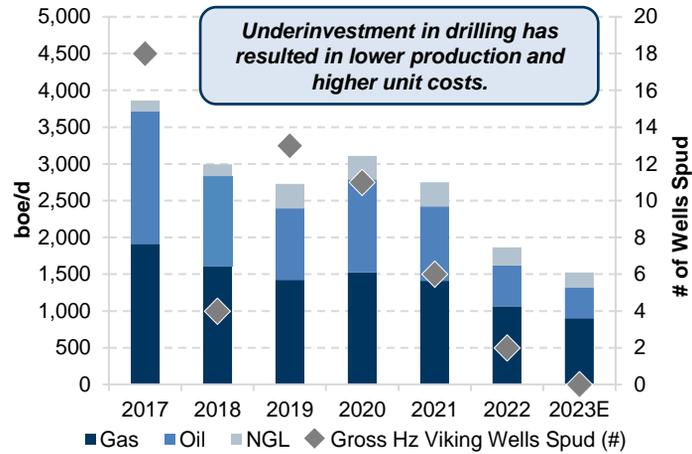
Financial & Operations Overview

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.

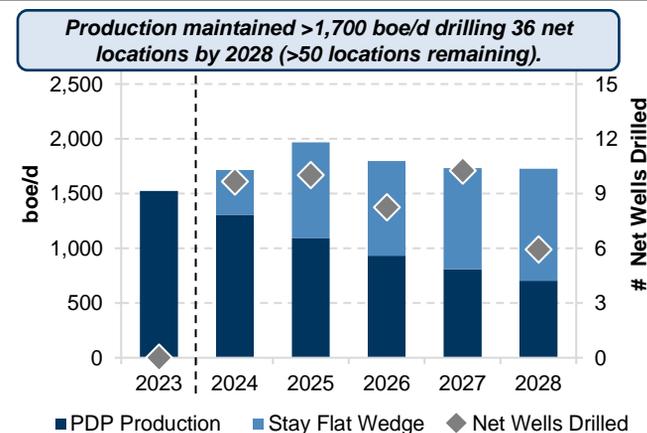
Reserves & ARO Summary

Reserves	MMboe	\$MM, NPV10	ARO (\$MM)	Active	Inactive	Total
PDP Reserves	3.8	\$53.5	Wells	8.2	6.3	14.5
1P Reserves	6.0	\$90.0	Facilities	4.0	-	4.0
2P Reserves	9.7	\$152.5	Total	\$12.2	\$6.3	\$18.5

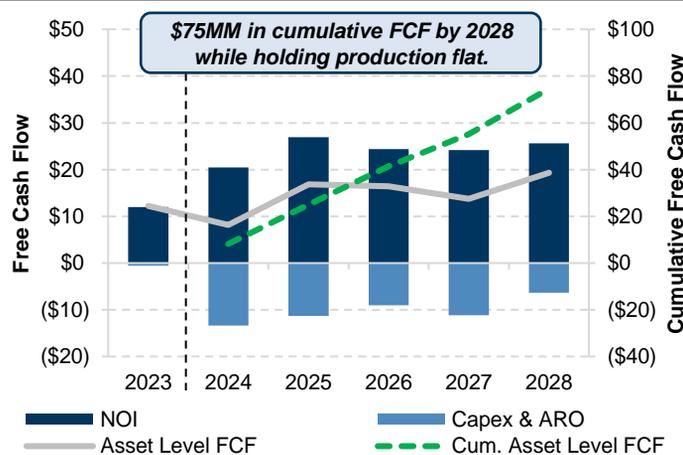
Based on the year-end 2022 report prepared by third-party evaluator and 3 Consultant Average pricing.

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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October 2023

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