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COURT

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JUDICIAL CENTRE

CALGARY



C20323

Feb 6, 2024
COM

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

APPLICANTS

AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL 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

**FIFTH REPORT OF ALVAREZ & MARSAL CANADA
INC. IN ITS CAPACITY AS PROPOSAL TRUSTEE
UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL**

February 1, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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TRUSTEE**

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APPENDIX A	December 30 th Email
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INTRODUCTION

1. On August 25, 2023 (the “**Filing Date**”), 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**”) ¹, and Spicelo Limited (“**Spicelo**”) each filed Notices of Intention to Make a Proposal (“**NOI**” or the “**Filing**”) 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**” or the “**Proposal Trustee**”). For the purposes of this Fifth Report of the Proposal Trustee (the “**Fifth Report**” or “**this Report**”), GPOC, Spicelo and the Holding Companies are collectively referred to as the “**Companies**”.
2. 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 was from August 25, 2023 to September 24, 2023 (the “**Initial NOI Period**”).
3. On September 22, 2023, the Court of King’s Bench of Alberta (the “**Court**”) granted an order, among other things:
 - a) authorizing that the eight NOI proceedings for the Companies (collectively, the “**NOI Proceedings**”) be administratively consolidated and continued under Estate No. 25-2979735 / Court File No. B201-979735 (GPOC’s estate);
 - b) approving the appointment of Alvarez & Marsal Canada Securities ULC, as the Companies’ Transaction Agent (the “**Transaction Agent**”);
 - c) granting a charge on the assets, property and undertakings of the Companies (collectively, the “**Property**”) not to exceed \$500,000 (the “**Administration Charge**”) as security for the fees and costs of the

¹ GPHC, GPCM, 801 AB, 799 AB, 815 AB and Stellion are collectively referred to as the “**Holding Companies**”.

Proposal Trustee, its independent legal counsel, legal counsel to the Companies, and the Transaction Agent, such charge to be in priority to all other security interests, liens and other encumbrances; and

- d) extending the Initial NOI Period, within which the Companies are required to file a proposal to their creditors, up to and including November 8, 2023.
- 4. On October 18, 2023, the Court granted an order approving a sales and investment solicitation process (“**SISP**”), and authorizing and directing the Transaction Agent to implement the SISP (“**SISP Order**”).
 - 5. On November 8, 2023, the Court granted an order approving the Proposal Trustee’s fees and disbursements up to October 15, 2023 and its counsel’s fees and disbursements up to October 6, 2023, and extending the period of time within which the Companies are required to file a proposal to their creditors up to and including December 23, 2023.
 - 6. On December 15, 2023, the Court granted an order:
 - a) extending the period of time within which the Companies are required to file a proposal to their creditors up to and including February 6, 2024; and
 - b) declaring that the Lock Up Agreement dated September 20, 2023, among Spicelo, Greenfire and other parties to the Lock Up Agreement, and the transfer restrictions contained therein do not prevent the Senior Secured Lenders from exercising their contractual rights as against Spicelo pursuant to the Share Pledge in relation to the Pledged Shares (undefined terms as defined in the fourth report dated December 7, 2023 (the “**Fourth Report**”).
 - 7. The Companies intend to bring an application before the Court seeking certain relief under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). In particular, the Companies are seeking an Order (the “**Proposed Initial Order**”) and an amended and restated initial order (the “**ARIO**”) granting, among other things, a continuation of the NOI Proceedings under the

CCAA, a stay of proceedings up to and including February 16, 2024 and proposing to appoint A&M (the current Proposal Trustee) as Monitor (the “**Proposed Monitor**”) pursuant to the provisions of the CCAA.

8. This Report should be read in conjunction with the materials filed in support of the application for the Proposed Initial Order and ARIO (the “**CCAA Application**”), including the pre-filing report of the Proposed Monitor (the “**Pre-Filing Report**”) and the affidavit of Mr. Daryl Stepanic sworn January 29, 2024. These documents, together with other documents and information regarding the NOI Proceedings, have been posted on the Proposal Trustee’s website at www.alvarezandmarsal.com/griffonpartners (“**Website**”).

PURPOSE

9. The purpose of this Fifth Report is to provide this Honourable Court and the Companies’ stakeholders with the Proposal Trustee’s considerations and recommendations with respect to the following:
 - a) a summary of the activities of the Proposal Trustee since the filing of the Fourth 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 the Fifth Report);
 - c) the Companies’ application to continue the NOI Proceedings under the CCAA;
 - d) GPOC’s cash flow actual receipts and disbursements as compared to GPOC’s cash flow forecast statement outlined in the third report dated October 31, 2023 (the “**Third Report**”);
 - e) the Companies’ request for the approval of the Proposal Trustee’s fees and disbursements from October 16, 2023 to December 31, 2023 and its counsel’s fees and disbursements from October 7, 2023 to December 31,

2023, along with its and Companies' counsel's pre-filing professional fees and costs;

- f) the Companies' request for the approval of the Proposal Trustee's actions, activities and conduct in these NOI Proceedings as described in this Report the Proposal Trustee's prior four reports filed with this Honourable Court (the "**Prior Reports**"); and
- g) the Proposal Trustee's recommendation in respect of the relief sought by the Companies in the CCAA Application.

TERMS OF REFERENCE

10. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information supplied, and representations made to it, by certain senior management of the Companies ("**Management**") and third parties, such as contractors of the Companies. Although this information has been subject to review, the Proposal Trustee has not conducted an audit, review, nor otherwise attempted to verify the accuracy of completeness of any of the information prepared by Management or otherwise provided by the Companies. An examination of the financial forecast as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Accordingly, the Proposal Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this Report (or in the Prior Reports), or otherwise used to prepare this Report.
11. Future oriented financial information relied upon in this Report is based on the Companies' assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.
12. All references to dollars are in Canadian currency unless otherwise noted.

LIMITATION IN SCOPE OF REVIEW

13. This Report has been prepared by the Proposal Trustee pursuant to the rules and regulations set out in the BIA. The BIA provides that the Proposal Trustee shall incur no liability for any act or omission pursuant to its appointment or fulfillment of its duties, save and except for gross negligence or wilful misconduct on its part.
14. This Report is not and should not be construed or interpreted as an endorsement, comment or recommendation to any creditor, prospective investor, or any persons to advance credit and/or goods and services or to continue to provide credit and/or goods and services or to lend monies to the Companies during these proceedings and/or at any other time.
15. The Proposal Trustee is specifically not directed or empowered to take possession of the assets of the Companies or to manage any of the business and affairs of the Companies.

ACTIVITIES OF THE PROPOSAL TRUSTEE

16. Since the filing of the Fourth Report, the Proposal Trustee has engaged in the following activities:
 - a) various discussions with Management, the Proposal Trustee's legal counsel, Torys LLP ("**Torys**"), and the Companies' legal counsel relating to matters relevant to the NOI Proceedings and operations, generally;
 - b) multiple communications and meetings with Management, Torys, the Companies' legal counsel and the Transaction Agent relating to the SISP and restructuring matters;
 - c) communications and meetings with Management, Torys, the Companies' legal counsel and the Transaction Agent relating to the necessity for the continuation of the NOI Proceedings under the CCAA, among other things, to effect a transaction from the successful outcome of the SISP;

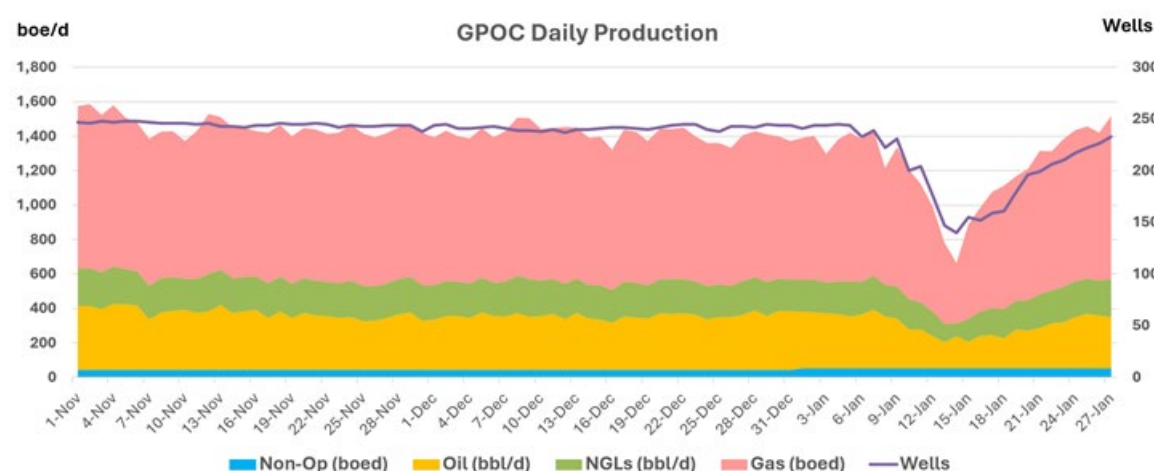
- d) various communication and meetings with Trafigura Canada Ltd. (“**Trafigura**”) and Signal Alpha C4 Limited (“**Signal**”) (collectively, the “**Senior Secured Lenders**”) responding to questions relating to matters relevant to the NOI Proceedings, the SISP (and the results of the non-binding and final bids), the concerns raised by the Senior Secured Lenders within the NOI Proceedings and the Companies’ operations;
- e) responded to various concerns brought by the Senior Secured Lenders respecting Management and various unfounded statements as against the Transaction Agent and the Proposal Trustee;
- f) various communication with Tamarack Valley Energy Ltd. (the subordinated secured lender) (“**Tamarack**”) and responding to questions relating to matters relevant to the NOI Proceedings, the SISP and the Companies’ operations;
- g) multiple communications and ongoing meetings with Management and Sproule Asset Management (“**Sproule**”) respecting the Companies’ operations and financial cash flow reporting;
- h) monitoring the Companies’ cash flow actual results to Management’s forecasts (as disclosed in Prior Reports) and discussing variances with Management;
- i) providing updates on the Companies’ cash flow results (when and as requested) to the Senior Secured Lenders;
- j) communication and meetings with the Saskatchewan Ministry of Energy and Resources and providing updates on the SISP and the NOI Proceedings;
- k) communication and meetings with the Alberta Energy Regulator and providing updates on the SISP and the NOI Proceedings; and
- l) ongoing monitoring of the Companies’ financial affairs, and other activities by the Proposal Trustee.

ACTIVITIES OF THE COMPANIES AND RESTRUCTURING EFFORTS

Operational Update

GPOC

17. GPOC operates in the Viking formation in the vicinities of Hoosier, Coleville, and Milton in Saskatchewan, and Esther in Alberta, with lease holdings exceeding 120,000 acres. GPOC currently produces, on average approximately 1,500 boe/d², with approximately 1,450 boe/d in Saskatchewan and 50 boe/d in Alberta, with a production split constituting 48% liquids and 52% natural gas. While recent short-lived extreme winter weather has been experienced in Alberta and Saskatchewan that resulted in a drop in production, GPOC and its consultants have worked to restore production.
18. A summary of the daily production from November 1, 2023 through January 27, 2023 is included in the chart below:



19. From November 1, 2023 to present, GPOC held relatively consistent oil and gas production. The mid-January dip in production was entirely related to the record-breaking cold weather at that time, as indicated by the well count (purple line in the above graph). The bitter cold temperatures (with lows less than -25 C) started on

² barrel of equivalent (“boe”) per day (“boe/d”).

January 7th in the Kindersley area and lasted through to January 19th. These extreme conditions created a number of temporary issues in the producing fields:

- a) Processing Facilities - the refrigeration process at the Steel Reef (operator) Coleville gas plant was significantly reduced, creating a bottleneck for gas production;
- b) Field Compression - significant downtime throughout the cold spell created high backpressure in the gas gathering network, resulting in gas wells being shut in;
- c) Pipeline Freezing - hydrates (frozen hydrocarbons) and frozen water in pipelines increased well downtime, and the necessary restarts required a considerable amount of time and methanol; and
- d) Oil Well Shut Downs - pump engines realized increased downtime in the bitter cold, especially the older Arrows and Gensets - restarts often took additional time and chemicals.

20. Through this period, the operations team brought on a spare operator and focused all-hands on restarting downed equipment. The production results would have likely been worse without these efforts. Once temperatures began to return to seasonal norms after January 19th, the crews were able to get ahead of the falling well count and improve production (again noting the purple line in the above graph). The wells online bottomed out at 140 wells on January 14th equating to just 57% of the 246 wells capable of production. From May 2023 of last year until January 7, 2024, the Proposal Trustee is advised that the operations team had managed a 98.7% well runtime for all operated wells.

21. As of January 27, 2024, total production was approximately 1,517 boe/d (net) to GPOC, for all operated and non-operated oil, gas and NGL's. In speaking with Management, the Proposal Trustee is advised that the current field production has slightly exceeded the forecast over the past few days, mostly due to flush production realized from bringing back the downed wells from the mid-January

cold snap. Budgeted production for this month was originally forecast at 1,350 boe/d, the downtime is expected to result in monthly average production 110 boe/d below forecast for the month of January; however, with the return of well counts in the past week, GPOC expects February 2024 to be on budget.

Spicelo

22. Spicelo's primary asset is the shares held in a private company called Greenfire Resources Inc. ("**Greenfire**")³.
23. Upon conversion of the shares Spicelo owns in Greenfire, Spicelo will own 5,499,506 shares in the publicly traded Greenfire Resources Ltd. (stock ticker "GFR". As at January 29, 2024, the Spicelo collateral alone is valued at US\$37.0 million (using a closing share price of "GFR" of US\$5.52 and including a dividend of approximately US\$6.6 million owed to Spicelo). Since the Greenfire initial public offering, the shares have traded at a low of US\$4.75 (resulting in the Spicelo collateral value of US\$32.7 million, inclusive of the dividend). Notwithstanding, for the month of January 2024, the share price has averaged approximately \$5.75, with a low of \$5.09 and high of \$6.28 per share, albeit with volume trades in the range of 800 – 28,200 shares per day.
24. Any costs incurred by Spicelo, including its allocated portion of professional fees, which have been paid by GPOC (due to the lack of cash available in Spicelo) will be factored into a cost allocation to be undertaken at the appropriate time (upon receipt and distribution of proceeds).

³ Greenfire has since 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".

Restructuring Update

Overview

25. As previously discussed in Prior Reports, this Honourable Court granted the SISP Order 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 (each, a “**Refinancing Transaction**”), or some combination thereof. The Transaction Agent was engaged, with approval of this Court, to assist in delivering and executing upon the SISP. A copy of the Transaction Agent’s engagement letter with the Companies is included in affidavit of Mr. Daryl Stepanic sworn September 14, 2023 (the “**September 14th Stepanic Affidavit**”), along with its engagement scope, fee arrangement and other advisory matters.
26. As previously disclosed in the Fourth Report, on October 25, 2023, in accordance with the SISP, the Transaction Agent initiated a broad-based marketing process, as typically required and as expected in these types of insolvency proceedings, which resulted in the following:
- a) reached out to 228 parties (85 financial and 143 strategics) via email and advising them of the SISP opportunity; and
 - b) advertised the SISP in the Daily Oil Bulletin and BOE Report with links to the Proposal Trustee’s website containing the teaser, NDA and SISP Procedures. Additionally, on October 31, 2023, a press release was published in The Globe and Mail (National Edition).
27. Interested parties were required to submit non-binding letters of intent (“**Non-Binding LOIs**”) not later than 4:00 p.m. MST on December 12, 2023 (“**Non-Binding LOI Deadline**”).

Non-Binding LOI Deadline Results

28. As at the Non-Binding LOI Deadline, the Transaction Agent reported the following:
- a) 46 NDAs were executed from the 235 separate parties (19.5%) (which in the Proposal Trustee's experience is strong success rate in NDA execution for these types of assets) that were contacted by the Transaction Agent across North America and Europe; and
 - b) 19 Non-Binding LOIs from 18 interested parties (one party made two separate proposed transactions).
29. Based on the Proposal Trustee's experience, the success rate achieved in NDA execution and the quantum of initial Non-Binding LOIs was strong, which demonstrates an effective marketing outreach to obtain initial offers in the SISP.
30. The SISP required that a final, written, binding offer must be delivered to the Proposal Trustee not later than 4:00 p.m. MST on January 8, 2024 (the "**Final Bid Deadline**"), subject to the Proposal Trustee making such adjustments to the timeline that it determines are reasonably necessary in order to accommodate unforeseen circumstances and/or to best facilitate the SISP to maximize the value of the Companies for the benefit of stakeholders, in all cases upon notice to all interested parties actively participating in the SISP at the applicable time.
31. The Transaction Agent, in consultation with the Companies and the Proposal Trustee, expressed the necessity of extending the SISP timelines, as a result of various Qualified Bidders (as defined in the SISP) requesting further time to conduct outstanding due diligence, including site tours of the oil and gas assets in Alberta and Saskatchewan, and finalize definitive documentation and financing in this competitive SISP.
32. The Senior Secured Lenders and Tamarack were consulted on the Non-Binding LOIs, including having these parties sign an NDA. On December 18, 2023, the Senior Secured Lenders were provided with a summary presentation that detailed

all of the Non-Binding LOIs, which was followed by a call to walk through this presentation on December 20, 2023. (Tamarack was provided with a copy of the summary presentation on December 29, 2023). During this call, the Proposal Trustee and the Senior Secured Lenders were advised by the Transaction Agent that multiple bidders had requested an extension of time to submit and/or revise their respective bids and informed the Transaction Agent that the timeline was too tight, especially given the holiday season and the requirement for physical site visits. The Transaction Agent further advised that most bidders required financing and some bidders were interested in working with the Senior Secured Lenders in providing financing (as a potential lender or lenders).

33. The Transaction Agent provided their recommendation to the Proposal Trustee that, under the circumstances, the January 8, 2024 deadline was in fact too tight of a timeline for many of the bidders to submit final, binding offers including a deposit. On December 20, 2023 call, the Transaction Agent recommended a two-week extension and the Senior Secured Lenders advised that they would discuss after the call and revert with any feedback. After this call, there was no additional communication from the Senior Secured Lenders and no concerns were raised with respect to this recommendation.
34. The Proposal Trustee, through the recommendation of the Transaction Agent, believed it would be appropriate under the circumstances to approve a two-week extension to the Final Bid Deadline from January 8, 2024 to no later than 4:00 p.m. Calgary time on Monday, January 22, 2024 (the “**Revised Final Bid Deadline**”). After 7 days from the December 20, 2023 call with the Senior Secured Lenders, an updated timeline was prepared by the Proposal Trustee and was delivered by the Transaction Agent to the various bidders and the Senior Secured Lenders at the end of day on December 27, 2023, which the Seniors Secured Lenders confirmed receipt of on December 30, 2023 (the “**December 30th Email**”), as “*well received*”. A copy of the December 30th Email from the Senior Secured Lenders is attached as Appendix A to this Report.

35. Tamarack requested a call to discuss the bid summary and this occurred on January 8, 2024, on which call the Proposal Trustee and Transaction Agent advised them of the Revised Final Bid Deadline.

Revised Final Bid Deadline Results

36. As at the Revised Final Bid Deadline, the Transaction Agent received multiple bids. As at the date of this Report, the Transaction Agent, on behalf of GPOC, continues to work to conclude the SISP and select the Successful Bidder.
37. A summary presentation of the offers received at the Final Bid Deadline was prepared by the Transaction Agent (“**Final Bid Summary**”) and presented virtually to GPOC, the Proposal Trustee and its counsel, and the Companies’ counsel on January 25, 2024. The Proposal Trustee arranged for a meeting with the Senior Secured Lenders and Tamarack to review the Final Bid Summary on January 26, 2024 and January 29, 2024, respectively. A copy of the Final Bid Summary is included as a Confidential Appendix 1 to this Report.
38. As part of the meetings held with the Senior Secured Lenders (and Tamarack) to discuss the Final Bid Summary, the Proposal Trustee, upon the recommendation of the Transaction Agent, advised that an additional one-week extension would likely be necessary to clarify and evaluate all offers received. The Senior Secured Lenders did not express any objections to the extension to February 5, 2024 for bid evaluation; however, they noted the importance of as quick of a resolution as is practical given the circumstances, which views were also shared by the Proposal Trustee.
39. The Proposal Trustee, in consultation with Management, discussed the role of the Transaction Agent after a final offer has been negotiated and executed. The scope of work of the Transaction Agent’s engagement letter approved by the Court includes assisting the Company in matters associated with closing a transaction generally provided by financial advisors. The Proposal Trustee is advised by Management that the role of the Transaction Agent will be significantly reduced

after definitive documents for a final bid has been executed between a successful bidder and GPOC.

40. Due to the confidential nature of the information provided by the Transaction Agent in the Final Bid Summary, the Proposal Trustee is concerned that, if the information 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 Proposal Trustee 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:
- a) the Final Bid Summary; and
 - b) the Transaction Agent's initial analysis of the offers received as outlined in the Final Bid Summary.

CONTINUATION OF THE NOI PROCEEDINGS UNDER THE CCAA

Overview

41. The Companies are seeking an order to continue the NOI Proceedings under the CCAA to continue restructuring its affairs.
42. The deadline for the Companies to file a proposal under the BIA in the NOI Proceedings will expire on February 6, 2024 and can only be extended to February 24, 2024, pursuant to the aggregate extensions outlined in 50.4(9) of the BIA. The Companies will not be in a position to file a proposal by February 24, 2024, based on the current status of the SISP. Therefore, continuing the NOI Proceedings under the CCAA is respectfully required and will assist to maximize recoveries to all stakeholders in the circumstances.
43. No proposal within the meaning of the BIA has been filed by GPOC under Part III of the BIA, therefore the taking up and conversion of the NOI proceedings under the CCAA is not precluded under section 11.6(a) of the CCAA.

44. In addition, as part of the Proposed Initial Order, the Companies are seeking the Court's authorization to grant enhanced powers to the Proposed Monitor in order to allow the Proposed 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.
45. The Proposal Trustee is advised that the Senior Secured Lenders do not support the Companies' application to seek enhanced powers for the Proposed Monitor respecting taking possession and control of the Greenfire shares and the ability to market them in the proposed CCAA, rather they have brought an application to appoint a receiver over Spicelo (the entity) and its assets (i.e. the Greenfire shares).

Proposal Trustee's Observations

46. The Proposal Trustee is of the view that the conversion of the NOI Proceedings to the proposed CCAA Proceedings is necessary and will provide for flexibility and the required time to select a final bid for the GPOC assets see that transaction implemented and other administrative matters in these proceedings. As such, the Proposal Trustee is of the respectful view that the continuation of the NOI Proceedings under the CCAA is reasonable and appropriate in the circumstances.
47. With respect to the Companies' application for enhanced powers of the proposed Monitor, the Proposal Trustee believes that now is the time to develop a strategy for the marketing and realization of the Greenfire shares that are owned by Spicelo. This is particularly the case while the SISP concludes and provides clarity on the value and remains ongoing, a selection of a final bid is considered, and the parties proceed towards the closing of a transaction for the GPOC oil and gas assets. The marketing and sale of the Greenfire shares held by Spicelo were specifically excluded from the SISP, but are included insofar that a restructuring and or refinancing offer that used the shares as collateral may have been may be presented to the Companies as part of the SISP.

48. Respecting the GFR shares, the Proposal Trustee believes that an effective realization strategy that will create stability in the marketplace, while achieving the greatest realizations and have the Senior Secured Lenders paid out in full and as soon as possible, will be important. Equally as important, it will be critical to achieve the highest values from these illiquid and unique shares, that would exceed full payout of the Senior Secured Lenders and have realizations that may be available for other stakeholders and shareholders. Based on the non-binding offers received on the GPOC assets to date (as disclosed in the Confidential Appendix 1) and the estimated value of the GFR shares, it appears that the Senior Secured Lenders are over-collateralized, which has been the case since the start of the NOI Proceedings (and by the Senior Secured Lenders own admission).
49. The Proposal Trustee is of the further view that the SISP has not been completed and remains ongoing, and will be ongoing until an offer is accepted for the GPOC assets and the transaction closes. Depending on the price that can be realized from a sale of the GFR shares, there are possible scenarios whereby the proceeds of the sale of the GPOC assets, and a combination of a portion of the Greenfire dividend and only a portion of the GFR shares would need to be sold in order to fully satisfy the Companies obligations to the Senior Secured Lenders. As such, until an offer is selected and executed and the transaction closes, retaining the GFR shares and Spicelo as part of the proposed CCAA Proceedings will be important as it acts as additional security to the overall estate. Should the GFR shares and Spicelo's inclusion be carved out from the proposed CCAA Proceedings by the appointment of a Receiver, the Proposal Trustee is concerned that this may create instability and uncertainty to the overall restructuring process and the ongoing SISP. The Proposal Trustee believes there will be benefits of coordination if all assets remain within the CCAA Proceedings and increased difficulty of coordination efforts may arise with the appointment of a Receiver.
50. Should this Honourable Court grant the Companies' sought relief to convert the NOI Proceeding to a CCAA Proceeding and the enhanced powers of the Monitor, this would not prevent the proposed Monitor from immediately commencing the

development of a strategy to effectively market the GFR shares, while keeping the GFR shares (and Spicelo) under one proceeding – the CCAA Proceeding. The Proposal Trustee is of the view there would be a continued practical benefit in keeping all remaining assets (GPOC and Spicelo) under “one-roof” and in the same proceeding. By doing so, the Proposal Trustee continues to be of the belief that no creditor (including the Senior Secured Lenders) will be materially prejudiced and will continue to create the desired stability needed to conclude the proposed CCAA Proceedings. The Proposal Trustee is also concerned that should the Senior Secured Lenders’ application to appoint a receiver over Spicelo and the GFR shares be accepted by this Honourable, it may not create the desired results and stability required under the CCAA Proceedings, for the reasons discussed above.

Communication with Senior Secured Lenders on the Proposed Next Steps

51. The Proposal Trustee held direct communications with the Senior Secured Lenders by phone and/or emails over the past several days on the Greenfire shares and the Proposal Trustee’s views and/or plans to potentially market and sell the GFR shares, should the Companies’ application to convert the NOI Proceedings to a CCAA Proceedings and enhanced powers of the proposed Monitor be granted by this Honourable Court.
52. The Proposal Trustee expressed to the Senior Secured Lenders the importance of working closely with the Senior Secured Lenders in developing an effective marketing strategy (that will ultimately require Court approval) and consultation with the Senior Secured Lenders will be crucial to the success to maximize realizations, including obtaining feedback from other stakeholders in the proposed CCAA Proceedings.
53. The Proposal Trustee informed the Senior Secured Lenders that should enhanced powers of the proposed Monitor be granted by this Honourable Court, the proposed Monitor would be in possession and control of the GFR shares with the responsibility to market and sell them (in consultation with the Lenders), and any sale of the GFR shares are subject to Court approval – very similar to a Receiver,

but without the added receivership proceeding and associated costs of involving an additional set of professionals. A sales strategy will likely require the proposed Monitor to engage a licenced broker/advisor and would not involve the assistance of the Transaction Agent for this process (the Transaction Agent's role is solely with respect to the marketing and sale of the GPOC assets as outlined in the SISP). The Proposal Trustee's preliminary view that an immediate and full sale of the GFR shares in the public markets (if able to do so) should likely be avoided to not "spook" the market and achieve lower share price value; however, it can be further discussed with a licensed broker/agent and all key stakeholders on what approach may achieve the best result and the greatest share price value to maximize realizations for all stakeholders.

54. The Proposal Trustee advised the Senior Secured Lenders that given its familiarity of the GFR shares (no learning curve required) and having acted as a Monitor with enhanced powers on prior and recent engagements, will also assist in the efficiencies in carrying out this mandate with respect to costs to this estate.

Conclusion

55. The Proposal Trustee is an officer of the court and acts as the eyes and ears of the court, while carrying out the mandate imposed upon the Proposal Trustee by this Honourable Court. The Proposal Trustee is not a stakeholder to these proceedings and is charged with the responsibility to assist the Companies, and all stakeholders, to achieve ultimate success in the NOI Proceedings and the greatest realizations as possible – but is not in control of any of the Companies. The role that the Proposal Trustee has would be very similar to that of a Monitor in a CCAA Proceeding, should this Court convert the NOI Proceedings to a CCAA Proceeding.
56. While A&M is of the respectful view there are likely benefits and synergies, and a reduction to the risks raised by the Proposed Trustee above for this Court granting enhanced powers to the proposed Monitor in a CCAA Proceeding, A&M is in the hands of this Honourable Court and will act in whatever capacity this Court wishes A&M to do so.

57. Should the Court decide to grant the relief sought by the Senior Secured Lenders for the appointment of a receiver of Spicelo and the GFR shares, while granting the relief sought by the Companies to convert the NOI Proceedings to a CCAA Proceedings (with no enhanced powers), A&M, as the Monitor, would recommend that there be coordination and consultation requirements between the proposed receiver and the proposed Monitor respecting the selling and marketing of the GFR shares. This is particularly the case given that the realizations of the GFR share may impact the efforts being made by the Monitor, GPOC and the Transaction Agent, in their attempt to achieve the best results possible in concluding the SISP and distributing proceeds from a sale of the GPOC assets.

THIRD REPORT CF FORECAST TO ACTUAL CASH FLOW RESULTS

GPOC Overview

58. Management, with the assistance of the Proposal Trustee, prepared an actual to cash flow forecast variance analysis since the Fourth Report for the period November 25, 2023 to January 19, 2024 (the “**Reporting Period**”). Management’s cash flow forecast that is used for this analysis was disclosed in the Third Report (the “**Third Report CF Forecast**”). The Proposal Trustee has included the actual cash flow results since the start of the NOI Proceedings (August 25, 2023) to January 19, 2024, which include certain Management reclassification and/or presentation of actual results previously reported in the Prior Reports, as further discussed below.
59. As previously discussed in Prior Reports, GPOC and the Proposal Trustee reviewed and evaluated GPOC’s actual cash flow results to its operations on weekly basis.

Griffon Partners Operation Corp. Cash Flow Variances \$CAD 000's	Reporting Period 25-Nov-23 to 19-Jan-24				NOI Period	
	Forecast	Actuals	Variance	Notes	Actuals	Notes
Cash Receipts						
Sales (production settlement)	3,192	1,856	(1,336)	<i>a</i>	8,764	
Hedging expense	-	(75)	(75)		(75)	
Other receipts	-	62	62		159	
Total cash receipts	3,192	1,843	(1,349)		8,848	
Cash Disbursements						
<u>Operating Disbursements</u>						
Field contract operator payments	(284)	(306)	(22)		(773)	
Office contract consultant payments	(270)	(295)	(25)		(920)	
JV Partner payments	(84)	(93)	(9)		(211)	
Operating and transportation	(1,365)	(1,211)	154	<i>b</i>	(2,481)	
Drilling, facilities and other acquisitions	-	-	-		(28)	
Abandonment and reclamation	(175)	(130)	45		(245)	
Surface and mineral leases	(235)	(113)	122		(395)	
Royalties	(502)	(467)	35		(787)	
Property taxes	(341)	(433)	(92)		(493)	
Carbon taxes	(24)	(21)	3		(29)	
Subtotal	(3,280)	(3,069)	211		(6,362)	
<u>Non-Operating Disbursements</u>						
General and administrative	(21)	(120)	(99)		(198)	
GST remittance	(100)	(59)	41		(59)	
Pre-filing professional fees	-	-	-		(110)	<i>I</i>
Torys' retainer	-	-	-		(50)	<i>I</i>
Companies' counsel fees	(300)	(160)	140	<i>c</i>	(603)	<i>I</i>
Transaction agent fees	(225)	(487)	(262)	<i>d</i>	(829)	
Subtotal	(646)	(826)	(180)		(1,849)	
Net Cash Flow (before NOI Professionals)	(734)	(2,052)	(1,318)		637	
<u>NOI Professional Fee Disbursements</u>						
Proposal Trustee's fees	(160)	(120)	40	<i>c</i>	(409)	
Proposal Trustee's counsel's fees	(90)	(64)	26	<i>c</i>	(233)	
Subtotal	(250)	(184)	66		(642)	
Net Cash Flow	(984)	(2,236)	(1,252)		(5)	
Net Change in Cash						
Beginning of period	4,427	4,202	(225)		1,971	
Net Cash Flow	(984)	(2,236)	(1,252)		(5)	
Ending of period	3,443	1,966	(1,477)		1,966	

Reporting Period (November 25, 2023 to January 19, 2024)

60. During the Reporting Period, the primary variances include:

- a) negative production settlement revenue variance driven by i) \$464,000 timing variance as it was received in the prior period of the cash flow variance analysis contained in the Fourth Report; ii) lower November

production of 1,381 boe/d compared to the forecast of 1,513 boe/d, with the variance driven by lower oil and NGL production relative to the forecast which receive a higher revenue per boe compared to natural gas; and iii) a realized decline in commodity prices as compared to forecast. November forecasts had estimated oil prices of CAD\$108.88/bbl and estimated gas prices of CAD\$3.55/MMBtu. Actual realized oil prices were CAD\$95.47 and gas prices were CAD\$2.66;

- b) positive operating and transportation expense variance largely as a result of conservative forecasting by GPOC of these expenses during the Reporting Period;
- a) positive timing professional fee variance of approximately \$200,000 relating to estimated professional fees (of Companies' counsel, the Proposal Trustee and Torys) which were paid in the week following the Reporting Period and are consistent with the forecast; and
- b) negative Transaction Agent fee variance, driven by higher than expected time required by the Transaction Agent on its mandate with GPOC to deal with a high degree of interest from parties within the SISP, assisting prospective bidders with due diligence investigations, working closely with GPOC and addressing their questions and requirements, dealing with the provincial regulatory agencies seeking updates to the SISP, and dealing with various Senior Secured Lender questions and concerns. The Transaction Agent is compensated on a time and materials basis and invoices are issued regularly to GPOC for payment. There are no work fees or success fees considerations in the Transaction Agent engagement, which (if it were the case) would normally be paid at the closing of a sale transaction. There is a \$50,000 retainer for the Transaction Agent that is included as it is a cash disbursement.

Actual Cash Flow Results (August 25, 2023 to January 19, 2024)

Reclassification of Certain Cash Expenses

61. In the Third Report, GPOC outlined an expense line in the Third Report CF Forecast called “Pre-Filing Professional Fees” in the amount of approximately \$199,000. This expense line item included the following expenditures:
- a) \$53,331.60 (\$50,792.00 + GST) – Osler, Hoskin & Harcourt LLP (“**Osler**”) for professional services rendered between August 14, 2023 and August 25, 2023. This invoice is for services rendered for the Companies prior to the NOI Proceedings in preparation for the Filing and paid by GPOC in the week ending September 15, 2023;
 - b) \$56,624.40 (\$53,928.00 + GST) - Alvarez & Marsal Canada ULC for professional services rendered between August 15, 2023 and August 25, 2023. This invoice is for services rendered for the Companies prior to the NOI Proceedings in preparation of various materials and analysis required for the Office of the Superintendent of Bankruptcy for the Filing and this amount was paid by GPOC in the week ending September 8, 2023;
 - c) \$39,176.09 (\$36,158.00 + GST) – Osler, Hoskin & Harcourt LLP for professional services rendered between August 26, 2023 and August 31, 2023. This invoice relates to services rendered by Osler in the NOI Proceedings; and
 - d) \$50,000.00 – Torys LLP for a retainer for professional services. Torys did not bill any fees for time worked prior to the Filing Date.
62. The Senior Secured Lenders inquired what comprised these amounts and whether these amounts were considered “pre-filing” expenses that were authorized by the Court on September 22, 2023 that permitted the Companies to make certain pre-filing vendor payments of up to \$700,000, subject to the approval of the Proposal Trustee. The Proposal Trustee confirmed that these amounts are not considered

“pre-filing” payables pursuant to the Order. Pre-filing vendor invoices are discussed below.

63. The Proposal Trustee reviewed the presentation of the ‘pre-filing professional fee’ line item in Management’s cash flow variance analysis, as disclosed in the Third Report and identified the inadvertent inclusion of the Osler and Torys invoice payments identified in paragraph 61(c) and (d) in this expense category. As such, the two amounts have been reclassified as a separate expense line for the Torys retainer and the Osler invoice was included in the ‘Companies’ Counsel’s Fees’ line item. The updated ‘pre-filing professional fee’ line item now reports approximately \$110,000 relating to amounts identified as paragraph 61(a) and (b).

Pre-Filing Professional Fees

64. As discussed above, and as disclosed in Prior Reports, Osler, as counsel to the Companies, incurred pre-filing fees of \$53,331.60 (including GST) prior to the NOI Proceeding. Alvarez & Marsal Canada ULC (“**A&M ULC**”) incurred pre-filing fees of \$56,624.40 (including GST) to assist the Companies in preparing the NOI filing materials and review restructuring alternatives that directly benefit the Companies for the Filing and the Companies restructuring efforts over the past 6 months.
65. A&M ULC was engaged by the Companies on August 16, 2023 to act as the financial advisor to namely: (a) assist in the analysis of the Companies’ restructuring options as a result of the demands and 10-day notices of intention to enforce security issued by the Senior Secured Lenders on August 16, 2023; and (b) assist in the preparation and filing of the NOI documents necessary for all eight entities into the NOI Proceedings. Once the NOIs were filed (August 25, 2023), the A&M ULC engagement was terminated and A&M ULC converted its role to the court-officer role as the Proposal Trustee under the entity Alvarez & Marsal Canada Inc.

66. The Companies paid the A&M ULC and Osler invoices the weeks ending September 8, 2023 and September 15, 2023, respectively, both prior to the September 22, 2023 court order that granted the Administration Charge of \$500,000. GPOC provided each of Osler and A&M ULC retainers relating to their respective engagement prior to the Filing, which was to act as security for its pre-filing fees incurred up to the NOI and into the NOI Proceeding, which is customary to be paid to professionals in restructuring proceedings. These professional fee retainers were disclosed at paragraph 80 of the September 14th Stepanic Affidavit. Specifically, prior to filing the NOI materials, the Companies delivered retainers to both Osler and A&M ULC amounting to \$150,000 and \$100,000, respectively, and A&M ULC and Osler continue to hold these retainers.
67. GPOC was in receipt of the A&M ULC and Osler pre-filing invoices and arranged to pay them in the NOI Proceeding a couple of weeks after the Filing Date, as discussed above. These payments were made as a matter of practical expediency, as otherwise each of Osler and the Proposal Trustee could have paid their pre-filing invoices from their retainers currently held, and then requested that the Companies immediately “top-up” their retainers to the original retainer levels, as these invoices were paid prior to the Administration Charge being granted on September 22, 2023. As such, there would have been no impact to the Companies’ overall cash balance in this instance, and payment of such pre-filing invoices in this manner is typical in such proceedings.
68. GPOC believed, in an attempt to be most practical, that it would pay the Osler and A&M ULC fee invoices in the NOI Proceedings, in order to avoid unnecessary transactions of topping up retainers. The payment of these pre-filing fees were first disclosed in the Third Report and also continue to be disclosed in this Report for transparency purposes.
69. Given the circumstances, the Proposal Trustee and Companies’ counsel do not view these payments as being problematic. Further, given the previous disclosure of these payments and the retainers currently being held by A&M ULC and the

Companies counsel, the Proposal Trustee is of the view that these particular invoices are not required to be passed before this Honourable Court. The retainers were intended to act as “security” for these pre-filing amounts, which were required to be incurred to assist the Companies to successfully file the NOI Proceedings. However, should this Honourable Court believe it would be more appropriate for either A&M ULC and Osler to return a portion of the currently held retainers to GPOC equal to these invoices the Proposal Trustee (or proposed Monitor to formally pass its accounts through the CCAA Proceedings (as the current proposed CCAA Initial Order permits for the payment and passing of accounts), the Proposal Trustee and the Companies are prepared to do so.

70. Out of an abundance of caution and with continued transparency, the Proposal Trustee wished to provide this Honourable Court greater detail on these two payments and appreciates the Senior Secured Lenders’ inquiries with respect to these amounts.

Vendor Pre-Filing Invoices

71. On September 22, 2023, the Court granted an order that permitted the Companies to pay up to \$700,000 in pre-filing vendor invoices. These invoices were identified to the Court by the Companies and the Proposal Trustee, together with the potential amounts that may need to be paid. All pre-filing vendor invoices required consultation with the Proposal Trustee.
72. To date, the GPOC has paid \$372,423.87 in total pre-filing vendor invoices that were reviewed and approved by the Proposal Trustee, as necessary payments to ensure operational stability. The payments were made to certain companies that provided contract field operators, third-party supply vendors, management and Sproule’s outstanding invoices and property taxes. These pre-filing vendor payments are included in GPOC’s actual cash flow results and recorded as expense items in the operating disbursements in the chart above.

GPCM Cash Flow Actual Results

73. Prior to the NOI Proceeding, on May 30, 2023, GPCM executed a share purchase and sale agreement (“**PSA**”) with Harvest Operations Corp. (“**Harvest**”). In addition, GPCM had received a binding offer from Blue Sky Resources Ltd. (“**Blue Sky**”) to purchase the shares of GPCM. As part of the binding offer, Blue Sky was to provide a deposit of \$1 million, comprising of the deposit required under the terms of the PSA. On May 29, 2023, Blue Sky wired GPCM’s legal counsel at the time (Stikeman Elliott LLP) the \$1 million deposit (the “**Escrow Deposit**”), under trust conditions that the Escrow Deposit were to be delivered to Norton Rose Fulbright Canada LLP (“**NRF**”), as the Escrow Agent and Harvest’s counsel under the SPA between Harvest and Griffon. On May 30, 2023, the Escrow Deposit was released to NRF.
74. On November 9, 2023, Harvest contacted GPCM to terminate and mutually release the PSA and return the escrow deposit. The share transaction did not close and based on the underlying documents that were reviewed by both Companies’ counsel and the Proposal Trustee’s counsel, GPCM was not entitled to a claim to the Escrow Deposit.
75. On November 28, 2023, NRF wired GPCM \$1,015,873.40 and on the same day, GPCM wired Blue Sky \$1,015,873.40.
76. As previously discussed in Prior Reports, there are no active operations within GPCM and GPCM does not earn revenue or incur any operating expenses.

Remaining Entities

77. Spicelo and the other Holding Companies (other than GPCM) do not have any operations and, as a result, have no cash receipts or disbursements to report over the Reporting Period.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

NOI Proceedings

78. 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.
79. The Companies seek approval from this Honourable Court of the professional fees and disbursements of the Proposal Trustee for the period of October 16, 2023 to December 31, 2023 (the "**Proposal Trustee Taxation Period**"), and Torys for the period of October 7, 2023 to December 31, 2023 (the "**Torys Taxation Period**").
80. The total fees and expenses of the Proposal Trustee during the Proposal Trustee Taxation Period are \$164,872.33 (exclusive of GST), a summary of which is included below:

Proposal Trustee Fees & Disbursements - Taxation Period						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
<i>Interim Taxation</i>						
#1	26-Aug-23 to 9-Sep-23	\$ 87,387.00	\$ -	\$ 87,387.00	\$ 4,369.35	\$ 91,756.35
#2	10-Sep-23 to 30-Sep-23	\$ 84,364.50	\$ -	\$ 84,364.50	\$ 4,218.23	\$ 88,582.73
#3	1-Oct-23 to 15-Oct-23	\$ 51,904.50	\$ -	\$ 51,904.50	\$ 2,595.23	\$ 54,499.73
Subtotal		\$ 223,656.00	\$ -	\$ 223,656.00	\$ 11,182.81	\$ 234,838.81
<i>Taxation Period</i>						
#4	16-Oct-23 to 31-Oct-23	\$ 50,059.00	\$ 1,211.33	\$ 51,270.33	\$ 2,563.52	\$ 53,833.85
#5	1-Nov-23 to 30-Nov-23	\$ 51,486.50	\$ 450.00	\$ 51,936.50	\$ 2,596.83	\$ 54,533.33
#6	1-Dec-23 to 31-Dec-23	\$ 61,665.50	\$ -	\$ 61,665.50	\$ 3,083.28	\$ 64,748.78
Subtotal		\$ 163,211.00	\$ 1,661.33	\$ 164,872.33	\$ 8,243.63	\$ 173,115.96
Total		\$ 386,867.00	\$ 1,661.33	\$ 388,528.33	\$ 19,426.44	\$ 407,954.77

81. The total fees and expenses of the Proposal Trustee's counsel, Torys, during the Torys Taxation Period total \$126,089.40 (exclusive of GST), a summary of which is included below:

Torys Fees & Disbursements - Taxation Period						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
1617105	25-Aug-23 to 31-Aug-23	\$ 12,255.50	\$ -	\$ 12,255.50	\$ 612.78	\$ 12,868.28
1618450	1-Sep-23 to 15-Sep-23	\$ 27,794.00	\$ -	\$ 27,794.00	\$ 1,389.70	\$ 29,183.70
1620182	16-Sep-23 to 6-Oct-23	\$ 55,777.00	\$ 580.00	\$ 56,357.00	\$ 2,788.85	\$ 59,145.85
Subtotal		\$ 95,826.50	\$ 580.00	\$ 96,406.50	\$ 4,791.33	\$ 101,197.83
<i>Taxation Period</i>						
1624460	7-Oct-23 to 15-Nov-23	\$ 65,015.00	\$ 60.50	\$ 65,075.50	\$ 3,251.28	\$ 68,326.78
1625980	16-Nov-23 to 30-Nov-23	\$ 21,621.00	\$ 10.90	\$ 21,631.90	\$ 1,081.60	\$ 22,713.50
1628750	1-Dec-23 to 15-Dec-23	\$ 23,063.50	\$ 10.00	\$ 23,073.50	\$ 1,153.18	\$ 24,226.68
1629136	16-Dec-23 to 31-Dec-23	\$ 16,308.50	\$ -	\$ 16,308.50	\$ 815.43	\$ 17,123.93
Subtotal		\$ 126,008.00	\$ 81.40	\$ 126,089.40	\$ 6,301.49	\$ 132,390.89
Total		\$ 221,834.50	\$ 661.40	\$ 222,495.90	\$ 11,092.82	\$ 233,588.72

82. 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. Copies of the invoices of the Proposal Trustee and Torys will be delivered to this Honourable Court for its review. On January 29, 2024, the Proposal Trustee and Torys informed the Senior Secured Lenders that should they wish to review these invoices, the Proposal Trustee and Torys have no concerns and will deliver them if the request by the Senior Secured Lenders is made.
83. 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 this Report and summarized further below:
- ongoing meetings between Management, the Proposal Trustee and Sproule respecting the Companies' operations and financial cash flow reporting;
 - ongoing meetings with various other creditors and stakeholders, including the regulators in Alberta and Saskatchewan;
 - preparing for and attending at the stay extension applications;
 - preparing the SISP, including the complexities of the Spicelo collateral when contemplating a Refinancing Transaction; and

- e) providing updates on the Companies' cash flow results (when requested) to the Senior Secured Lenders, along with responding to various complaints and criticism levied by the Senior Secured Lenders, most of which relates to the professional fees incurred in the NOI Proceedings.
84. The Proposal Trustee and its legal counsel anticipate rendering its invoices for their respective fees and disbursements for services rendered from January 1, 2024 to February 6, 2024 in the coming weeks and will seek further approval from this Honourable Court within the CCAA Proceedings, should such an order be granted by the Court.

STAKEHOLDER COMMUNICATIONS

Senior Secured Lender Communication

85. Throughout the NOI Proceedings, the Proposal Trustee has maintained and encouraged open communication with all key stakeholders, including Senior Secured Lenders, Tamarack, the Companies and the guarantors. These types of communications have included, but are not limited to:
- a) responding expeditiously to the Senior Secured Lenders, Tamarack, the Companies and guarantors' requests (whether it be by email or other forms of communication);
 - b) providing updates to the Companies' cash flow results to forecasts as outlined and provided for the Prior Reports;
 - c) at the request of the Senior Secured Lenders, establishing and delivering weekly cash flow actual to forecast reporting from Management;
 - d) acting as an intermediary of information flow, when requested by the Senior Secured Lenders, to the Companies;
 - e) delivering requests to Management from the Senior Secured Lenders on certain operational concerns, such as establishing hedging requests, and

assisting with GPOC, Management and establish the appropriate levels of hedging;

- f) hosting SISP results meetings with the Senior Secured Lenders, Tamarack and the Transaction Agent, on the status and results of the SISP process throughout the NOI Proceedings, when updates were available from the Companies and the Transaction Agent to be delivered;
- g) hosting meetings with both the Senior Secured Lenders and Tamarack on the results of the Initial Bid Deadline on December 20, 2023 and January 8, 2024, respectively;
- h) hosting a meeting with the Senior Secured Lenders on December 20, 2023 with the Transaction Agent to advise the necessity of extending the SISP Final Bid Deadline of the SISP process by two-weeks to January 22, 2024 as such authority was granted pursuant to the SISP, with no objections by the Senior Secured Lenders;
- i) hosting a meeting and conducting a presentation to the Senior Secured Lenders and Tamarack on January 26, 2024 and January 29, 2024 and presenting the results of the offers received in the SISP (on a confidential basis) and discussing the next steps recommended by the Transaction Agent to maximize realizations, and seeking advice and/or comments on same from the Senior Secured Lenders and Tamarack on these proposed next steps;
- j) hosting communications with the Senior Secured Lenders and Tamarack, explaining the relief sought by the Companies in its upcoming CCAA application and, should the Court grant such relief (i.e. enhanced powers of the Monitor), providing its views on the importance of the parties and the Proposal Trustee to work collaboratively and seek advice and comments in developing a realization plan for the sale of the Greenfire shares owned by Spicelo, while offering the Proposal Trustee's preliminary view on the next steps; and

- k) making itself available and addressing multiple questions and emails from the Senior Secured Lenders' counsel pertaining to cash flow forecasts and the role of the Transaction Agent.
86. Prior to the Filing Date, the Senior Secured Lenders issued the demand notices pursuant to s.244 of the BIA, which prompted the Companies to take preventative action and file the Companies into the NOI Proceedings. Since then, the Senior Secured Lenders have challenged the Companies' intentions and the general relief sought by the Companies, including bringing forward its first receivership application against Spicelo on September 22, 2023. (The Receivership Order sought by the Lenders was not granted by the Court.) In response to the Companies' application for the SISP, the Senior Secured Lenders challenged the length of time being proposed by the Companies to execute on the SISP, with the support of the Proposal Trustee and the Transaction Agent. Some of these concerns were also raised or supported by Tamarack.
87. Since the Third Report, the Senior Secured Lenders have also expressed their concerns about fees for all professionals, and took issue with the fees and costs of the Proposal Trustee and its counsel. These concerns were dismissed by this Honourable Court, as the Court determined that the fees and costs should be paid as they were fair and reasonable.
88. As described in this Report and the Prior Reports, the Proposal Trustee, being the independent court officer, has been tasked with dealing with a dynamic situation, which has been complex and difficult at times respecting the overall restructuring of these Companies. In addition, the Proposal Trustee has continued to play an 'enhanced role' as the conduit between all lenders (i.e. the Senior Secured Lenders and Tamarack) and the Companies on all communication.
89. The Senior Secured Lenders have continuously and repeatedly attacked the quantum of fees of all professionals in the NOI Proceedings, including the Companies' counsel's fees, the Transaction Agent fees, the Proposal Trustee and its counsel's fees. The Senior Secured Lenders have not indicated specifically what

their concerns are with respect to the professional fees and costs, other than that they are dismayed on how high these fees are compared to net cash flows before non-operating disbursements reported by the Companies and that, in their view, this as a “*relatively small oil and gas company proposal proceeding*”, as was mentioned by the Senior Secured Lenders counsel at the November 8, 2023 court application.

90. The Proposal Trustee, as the independent court officer, has and having a significant amount of experience in acting as a court-officer in these types and other types of insolvency roles, notes that this matter has not been simple, given the type of collateral the Senior Secured Lenders have in relation to the GPOC assets, the Greenfire shares (which security does not extend to other parties), the timing of the Greenfire initial public offering (and the Lock-Up Agreement in relation to Spicelo) and the interrelationships between all key stakeholders. As such, and as discussed in this Report, the Proposal Trustee believes that the professional fees incurred are fair and reasonable.
91. The Senior Secured Lenders have also expressed their dismay on the alleged overall lack of communication and responsiveness by the Proposal Trustee and its counsel to the Senior Secured Lenders’ questions or concerns. As noted in this Report, the Proposal Trustee strenuously disagrees with this assertion, and is perplexed as to how the Senior Secured Lenders could come to such a conclusion.
92. In addition to the numerous meetings and communications outlined above, GPOC advised the Proposal Trustee that the Senior Secured Lenders have been receiving daily production report updates through December 31, 2023 and lease operating statements on a monthly basis once those are completed by their outsourced contractor, Sproule. The Proposal Trustee has provided updates on the Companies’ cash flow results, when and as requested by the Senior Secured Lenders, and some of these reporting’s are also included in Mr. Dave Gallagher’s affidavit sworn January 29, 2024. There has been no request for information from the Lenders to which the Proposal Trustee has not provided a substantive response.

93. The Senior Secured Lenders have also made unfounded statements and allegations in respect of the Transaction Agent, concerning certain conduct and actions in the SISP. Addressing these allegations has required a significant amount of time, correspondence and communication between the Transaction Agent, the Proposal Trustee and all counsel involved to address these accusations. The Proposal Trustee continues to receive communication from the Senior Secured Lenders, to the effect that they are not pleased with how the NOI Proceedings have progressed (for reasons that appear questionable to the Proposal Trustee). These communications require meetings, discussions, preparation of responses amongst the Proposal Trustee, its counsel, counsel to the Companies and the Transaction Agent, resulting in the expenditure of further professional fees. These communications are voluminous and for that reason are not attached here, but can be made available to the Court upon request.

Companies and Shareholder Communication

94. The Proposal Trustee, its legal counsel, the Companies' counsel and the Transaction Agent, have maintained steady progress towards a sale transaction of the GPOC assets in accordance with the SISP, and continue to do so and deal with the many questions and various criticisms that the Senior Secured Lenders have alleged and/or insinuated on all professionals involved in the NOI Proceedings.
95. The Proposal Trustee has also fielded many questions from the Companies, its Management and existing directors for all eight debtor entities in the NOI Proceedings. Management and the directors of the for GPOC and Spicelo (the only two entities that have realizable assets in the NOI Proceedings), have required a significant amount of the Proposal Trustee and its counsel's time as well, to answer questions pertaining to the NOI Proceedings generally, operations and overall restructuring, which is as expected in these types of proceedings.

Concluding Remarks

96. The Proposal Trustee is acutely aware of the dynamics and unfortunate lack of cohesion between the Senior Secured Lenders and the Companies, and this strained relationship appears to have been developed long before the NOI Proceedings. The Proposal Trustee is an independent court officer and non-stakeholder in these proceeding, and is highly sensitive to the concerns of the stakeholders in these NOI Proceedings, including the Senior Secured Lenders, Tamarack, unsecured creditors, guarantors and the Companies. The Proposal Trustee has and will continue to assist in facilitating the restructuring process and continues to be the conduit between the parties (as required) with the goal of assisting the Companies and its stakeholders in achieving a strategy that will best maximize realizations.
97. The Proposal Trustee and its counsel have been fully responsive to requests of those of the Senior Secured Lenders, Tamarack and the Companies, and will continue to monitor the Companies' financial affairs and report to this Honourable Court, as required and in accordance with its legal and professional obligations. The Proposal Trustee has also experienced the same level of responsiveness by the Companies and the Transaction Agent in answering any questions the Senior Secured Lenders or Tamarack may have (to the extent that the Proposal Trustee was privy to these communications).

PROPOSAL TRUSTEE'S RECOMMENDATION

98. The Proposal Trustee respectfully recommends that this Honourable Court approve the following:
- a) the professional fees and costs of the Proposal Trustee during the Proposal Trustee Taxation Period and its counsel during the Torys Taxation Period;
 - b) the actions, activities and conduct of the Proposal Trustee and its legal counsel through the NOI Proceedings; and
 - c) the Proposal Trustee's request for the Restricted Court Access Order.

All of which is respectfully submitted this 1st day of February, 2024

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Proposal Trustee 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

Appendix A

From: [Dave Gallagher](#)
To: [Konowalchuk, Orest](#); [Matthieu Milandri](#)
Cc: [Ellison, Chad](#); [Young, Kevin](#); [Asplund, Scott](#); [Daryl Stepanic](#); [Kyle Kashuba \(kkashuba@torys.com\)](#); [Randal Van de Mosselaer \(rvandemosselaer@osler.com\)](#)
Subject: RE: Griffon et al - SISP Timeline Extension
Date: Saturday, December 30, 2023 11:34:38 AM

[EXTERNAL EMAIL]: Use Caution

Orest,

Well received. While we know that you raised this issue on our last call, it would be helpful to have more detailed information, such as:

1. How many Qualified Bidders requested more time for due diligence and who were they?
2. Of those, how many were among the top 5-6 bidders who A&M had identified, in terms of indicative bid level, having the financial resources to close, etc?

Can we please organize another call for after the New Year to discuss?

Regards,

Dave

From: Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>
Sent: Wednesday, December 27, 2023 8:04 PM
To: Matthieu Milandri <Matthieu.Milandri@trafigura.com>; Dave Gallagher <Dave.Gallagher@signalcapital.com>
Cc: Ellison, Chad <cellison@alvarezandmarsal.com>; Young, Kevin <kyoung@alvarezandmarsal.com>; Asplund, Scott <sasplund@alvarezandmarsal.com>; Daryl Stepanic <DS@griffon-partners.com>; Kyle Kashuba (kkashuba@torys.com) <kkashuba@torys.com>; Randal Van de Mosselaer (rvandemosselaer@osler.com) <rvandemosselaer@osler.com>
Subject: Griffon et al - SISP Timeline Extension

Hi David/Matthieu,

Hope you had an enjoyable holiday season to date. We wanted to provide you with a courtesy note to advise that based on feedback provided to the Transaction Agent (A&M CF) from a number of interested bidders requesting more time to submit its Final Bid, the Transaction Agent (with the support of the Debtors) recommended to the Proposal Trustee to extend the Final Bid Deadline from January 8, 2024 to **no later than 4:00pm Calgary Time on Monday, January 22, 2024** (the **"Revised Final Bid Deadline"**). The SISP Timeline is outlined in the SISP Procedures and pursuant to the SISP, the Proposal Trustee may make such adjustments to the SISP timeline that it determines are reasonably necessary in order to accommodate unforeseen circumstances and/or best facilitate the

SISP to maximize the value of the Debtors for the benefit of stakeholders.

If you recall on our collective call with the Transaction Advisor on December 20, 2023, there were various requests from the Qualified Bidders seeking additional time to due diligence, which included conducting site visits in Alberta and Saskatchewan and finalize definitive documentation in this competitive SISP. It is the Proposal Trustee's view that extending the timelines will assist in the goal to maximize realizations for all stakeholders and allow for the Debtors to restructure its affairs accordingly.

As a result of the Revised Final Bid Deadline, the Proposal Trustee, in consultation with the Transaction Agent and the Debtors, have extended the other key milestones to the SISP Procedures as follows:

Milestone	Date	Date
Final Bid Deadline	End of due diligence period	January 22, 2024
Bid assessment	Within 5 business days of Final Bid Deadline	January 29, 2024
Notification of Auction Date (if applicable)	Within 5 business days of completion of bid assessment	February 1, 2024
Auction Date (if applicable)	2 business days after notification of Auction Date	February 5, 2024
Period of time to finalize definitive documents for Successful Bid (if applicable)	Within 10 calendar days of acceptance of the Successful Bid	~February 9, 2024 (if no Auction) ~February 16, 2024 (if Auction)
Court approval of Successful Bid (if applicable)	Within 14 calendar days of acceptance of the Successful Bid (subject to Court availability)	~February 13, 2024 (if no Auction) ~February 20, 2024 (if Auction)

All remaining aspects, terms and conditions respecting the SISP Procedures have remained unchanged (only the Timelines).

Should you have any questions, please feel free to contact me and/or the Transaction Agent. The Transaction Agent intends to provide notice to the Qualified Bidders later today of the update to the SISP Timelines.

Best regards,
Orest

Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President
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Confidential Appendix 1