

BUSINESS OVERVIEW

- Founded in 2017, the FOUR20 Group of Companies (“**FOUR20**” or the “**Companies**”) operate a chain of branded retail cannabis stores in Alberta and Ontario. The Companies offer consumers a high-quality cannabis product line at competitive prices through an innovative retail environment, and an expanding e-commerce platform.
- FOUR20 operates 26 retail locations in Alberta and one in Ontario (total of 27) under the “FOUR20 Premium Markets” banner. Most locations are in the Calgary and Edmonton metropolitan areas.
- FOUR20 offers a diverse product portfolio of 400+ SKUS comprised of flower, pre-rolls, vaporizers, concentrates, edibles, tinctures, topicals, accessories, and apparel.

LITIGATION ASSET

- As a result of a failed C\$110.0 million transaction with Tilray Inc. (“**Tilray**”) in 2020, FOUR20 initiated litigation against Tilray and is seeking damages of approximately C\$130.0 million (the “**420 Claim**”). FOUR20 believes the 420 Claim is well-founded and is a very valuable asset which will result in a significant award if successful at trial.

ACQUISITION AND/OR INVESTMENT OPPORTUNITY

- FOUR20 is conducting a strategic sales and investment solicitation process (“**SISP**”) soliciting interest in:
 - a sale of, or investment in, all or part of its business and assets; and
 - a sale of the 420 Claim.

STRONG FINANCIAL METRICS

- Retail sales exceeding C\$27.5 million for trailing twelve-month period ended September 30, 2024 (“**TTM Sept 24**”).
- Year-over-year growth in same-store sales (9.6%), number of transactions (12.4%), and steady average basket from TTM Sept 23 vs. 24.
- Industry leading and steady gross margin performance.
- Growing profitable and positive cash flow from operations.

BUSINESS HIGHLIGHTS

Established Retail Footprint: 27 prime retail locations ensuring high foot-traffic and visibility in high-demand areas.

Same Store Revenue Growth: Year-over-year same-store revenue growth of 9.6% driven by consumer demand, expanding product offerings, and effective marketing strategies.

Restructured, profitable, and scaled business: by implementing restructuring initiatives such as disclaiming unfavorable leases and closing unprofitable stores.

Loyal Customer Base: with a focus on customer experience, education, and community engagement, FOUR20 has built a loyal customer base of 140,000+ members who have a much higher average basket compared to non-members.

Experienced Management Team: led by industry veterans, FOUR20’s team brings extensive expertise in retail, operations, and regulatory compliance, ensuring efficient scaling and strategic decision-making.

MARKET OPPORTUNITY

Growing Industry: Canadian cannabis market is projected to grow at a CAGR of 13% through 2030, driven by consumer acceptance and government support. FOUR20 is well-positioned to capitalize on this growth.

Regulatory Tailwinds: As a fully-compliant licensed operator, FOUR20 is positioned to benefit from evolving cannabis regulation and government support.

Expansion Potential: significant opportunities exist for store expansion in underserved regions and enhancing its digital presence to capture more market share.



The Restructuring Process

On May 29, 2024, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**"), and Green Rock Cannabis (EC 1) Limited ("**GRC**") filed with the Alberta Court of King's Bench (the "**Court**") and the Office of the Superintendent of Bankruptcy a Notice of Intention to make a Proposal under Part III of the *Bankruptcy and Insolvency Act*, 1985, c. B-3 (the "**BIA**") (the "**NOI Proceedings**").

On September 10, 2024, 420 Parent, 420 Premium, GRC and 420 Dispensaries Ltd. ("**420 Dispensaries**") (collectively, the "**Applicants**") filed an application pursuant to s. 11.6(a) of the Companies' Creditors Arrangement Act, 1985, c C-36 ("**CCAA**") to continue the NOI Proceedings thereunder.

On September 19, 2024, the Court granted an Initial Order (the "**Initial Order**") pursuant to the CCAA, among other things, appointing KSV Restructuring Inc. ("**KSV**") as the monitor (the "**Monitor**") of FOUR20.

On September 19, 2024, the Court granted an order (the "**SISP Approval Order**") which, among other things, directed and empowered the Applicants, in consultation with the Monitor, to prepare and conduct a strategic sales and investment solicitation process ("**SISP**") to solicit offers for the business and assets of FOUR20, in whole or in part, or investments related thereto, and for the Litigation Asset.

Additional information regarding the restructuring process is available on the Monitor's website at [FOUR20](#).

The SISP

- The SISP is solicitation interest for:
 - the sale of all or a portion of FOUR20's business and assets, and/or the 420 Claim (a "**Sale Proposal**").
 - an investment in FOUR20's business, which may include one or more of the following: a restructuring, recapitalization or other form of reorganization of the business of FOUR20 as a going concern, together with a plan of compromise or arrangement pursuant to the CCAA (an "**Investment Proposal**").

The Bid Process

The following table sets out the key milestones under the SISP:

Milestone	Date
Commencement of SISP	On or before September 27, 2024
Marketing Stage	On or before October 4, 2024
Phase 1 Bid Deadline (submit non-binding letter of intent)	12:00 p.m. (Calgary time) on November 15, 2024
Phase 2 Bid Deadline (submit a binding offer)	12:00 p.m. (Calgary time) on November 30, 2024
Selection of the highest or best bid(s)	December 6, 2024
Seek a Court order approving the successful bid(s)	As soon as practical
Close the transaction(s) contemplated in the successful bid(s)	As soon as practical

These timelines are subject to change at the discretion of the Monitor. Neither the Monitor nor the Companies are obligated to accept any offer in the SISP, and the Monitor and the Companies are entitled to preclude any party from participating in the SISP. The SISP and any transaction resulting from the SISP will be subject to Court approval.

A copy of the SISP Procedures is appended to this Teaser. Prospective bidders are strongly encouraged to review the terms and conditions of the SISP, including the requirements to participate in the SISP and the criteria that must be satisfied to be a "**Phase 1 Qualified Bidder**" pursuant to the SISP.

Interested parties that execute and return the attached non-disclosure agreement ("**NDA**") to the Monitor (attention Eli Brenner (ebrenner@ksvadvisory.com)), may be granted access, in the Monitor's sole discretion, to a Confidential Information Memorandum and other information that will be available in a virtual data room.

For more details or to explore this opportunity further, please contact:

Eli Brenner, Managing Director; ebrenner@ksvadvisory.com; (416) 932 6028



COURT FILE NUMBER 25-3086318 / B301-086318
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
MATTER IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

Clerk's stamp



AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF 420 INVESTMENTS LTD., 420
PREMIUM MARKETS LTD., GREEN ROCK CANNABIS
(EC 1) LIMITED and 420 DISPENSARIES LTD.

APPLICANTS 420 INVESTMENTS LTD., 420 PREMIUM MARKETS
LTD., GREEN ROCK CANNABIS (EC 1) LIMITED, and
420 DISPENSARIES LTD.

DOCUMENT **ORDER (APPROVING SALE AND INVESTMENT
SOLICITATION PROCESS)**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING
THIS DOCUMENT **STIKEMAN ELLIOTT LLP**
Barristers & Solicitors
4300 Bankers Hall West
888-3rd Street SW
Calgary, AB T2P 5C5

Karen Fellowes, K.C. / Natasha Doelman
Tel: (403) 724-9469 / (403) 781-9196
Fax: (403) 266-9034
Email: kfellowes@stikeman.com / ndoelman@stikeman.com
File No.: 155857.1002

DATE ON WHICH ORDER WAS PRONOUNCED: September 19, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice Jones

UPON the application of Applicants, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**"), Green Rock Cannabis (EC 1) Limited ("**GRC**") and 420 Dispensaries Ltd. ("**420 Dispensaries**") (collectively, "**FOUR20**" or the "**Applicants**"); **AND UPON** having read the Application for an Amended and Restated Initial Order, the Affidavit of Scott Morrow sworn on September 10, 2024, the Affidavit of Jessica Watts sworn on September 18, 2024, the Affidavit of Service of Jessica Watts sworn on September 19, 2024, Third Report of the Proposal Trustee and Pre-Filing Report of the Proposed Monitor dated September 13, 2024 (the "**Pre-Filing Report**"); **AND UPON** hearing counsel for the Applicants, and any other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") together with all supporting materials is hereby deemed good and sufficient and this application is properly returnable today.

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

2. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the sales and investment solicitation process attached hereto as **Appendix "A"** ("**SISP**").
3. The SISP is approved in the form attached, which includes all or part of FOUR20's Property and Business as defined in the SISP, without exception. For clarity, the litigation between 420 Parent and Tilray Inc and High Park Shops Inc. in Court of King's Bench of Alberta Court file No. 2001-02873 may be included in any Sale Proposal or Investment Proposal as described within the SISP, and the shares of 420 Parent may form part of an Investment Proposal as described in the SISP. The Applicants, the Monitor (as defined below) and their advisors are authorized and directed to perform their respective obligations and to do all things reasonably necessary to perform their obligations under the SISP.
4. Each of the Applicants, the Monitor and their respective affiliates, partners, directors, employees, advisors (including but not limited to legal counsel), agents, shareholders and controlling persons shall have no liability with respect to any losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of the SISP or the conduct thereof, except to the extent of such losses, claims, damages or liabilities resulting from the gross negligence or willful misconduct of any of the foregoing in performing their obligations under the SISP (as determined by this Court). Pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtors and the Monitor may disclose personal information of identifiable individuals to Potential Bidders and their advisors in connection with the SISP, but only to the extent desirable or required to carry out the SISP. Each Potential Bidder (and their respective advisors) to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a transaction in respect of the Applicants and the Property, and if it does not complete such a transaction, shall return all such information to the Monitor, or in the alternative destroy all such information. The Successful Bidder shall be entitled to continue to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Monitor, or ensure that all other personal information is destroyed.

MISCELLANEOUS MATTERS

5. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
6. Notwithstanding Rule 6.11 of the Alberta Rules of Court, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
7. Service of this Order shall be deemed good and sufficient by serving the same by posting a copy of this Order on the Monitor's website at: <https://www.ksvadvisory.com/experience/case/420>



Justice of the Court of King's Bench of Alberta

Appendix "A"

SALE AND INVESTMENT SOLICITATION PROCESS

INTRODUCTION

On May 29, 2024, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**"), Green Rock Cannabis (EC 1) Limited ("**GRC**") filed with the Alberta Court of King's Bench (the "**Court**") and the Office of the Superintendent of Bankruptcy a Notice of Intention to make a Proposal under Part III of the *Bankruptcy and Insolvency Act*, 1985, c. B-3 (the "**BIA**") (the "**NOI Proceedings**").

On September 10, 2024, 420 Parent, 420 Premium, GRC and 420 Dispensaries Ltd. ("**420 Dispensaries**") (collectively, "**FOUR20**") filed an application pursuant to s. 11.6(a) of the *Companies' Creditors Arrangement Act*, 1985, c C-36 ("**CCAA**") to continue the NOI Proceedings thereunder.

On September 19, 2024, the Alberta Court of King's Bench (the "**Court**") granted an Initial Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, 1985, c C-36 ("**CCAA**"), among other things, appointing KSV Restructuring Inc. ("**KSV**") as the monitor (the "**Monitor**") of FOUR20.

On September 19, 2024, the Court granted an amended and restated initial order (the "**ARIO**").

On September 19, 2024, the Court granted an order (the "**SISP Approval Order**") which, among other things, directed and empowered FOUR20, in consultation with the Monitor, to prepare and conduct a strategic sales and investment solicitation process ("**SISP**") to solicit offers for the Business or Property of FOUR20, in whole or in part, or investments related thereto. Capitalized terms not defined herein shall have the meaning ascribed to them in the ARIO.

The SISP Approval Order and this SISP shall exclusively govern the process for soliciting and selecting bids for the sale of all, substantially all, or one or more portions of FOUR20's Business or Property, or for the restructuring, recapitalization or refinancing of FOUR20 and FOUR20's Business. Under the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP.

This document outlines the SISP, which is comprised principally of three stages: pre-marketing, marketing, and offering/evaluation.

OPPORTUNITY AND SISP SUMMARY

1. The SISP is intended to solicit interest in, and opportunities for a sale of, or investment in, all or part of FOUR20's Property or Business (the "**Opportunity**"). In order to maximize the number of participants that may have an interest in the Opportunity, the SISP will provide for the solicitation of interest for:
 - (a) the sale of FOUR20's interests in the Property. In particular, interested parties may submit proposals to acquire all, substantially all or a portion of FOUR20's Property (a "**Sale Proposal**"); or

- (b) an investment in the Business, which may include one or more of the following: a restructuring, recapitalization or other form of reorganization of the Business and affairs of FOUR20 as a going concern, together with a plan of compromise or arrangement pursuant to the CCAA (an "**Investment Proposal**").
2. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (as defined below), any Sale Proposal or any Investment Proposal will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by, the Monitor or FOUR20, or any of their respective affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of FOUR20 in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.
 3. Solicitation of interest for Sale Proposals and Investment Proposals will be on an unpriced basis whereby no set asking price will be stipulated.
 4. This SISP shall be conducted by the Monitor, in consultation with FOUR20.
 5. As described more fully in this SISP, the major stages in the within procedure will be comprised of the following:
 - (a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data;
 - (b) Marketing: advertising, contacting potential buyers/investors, responding to requests for information and disseminating marketing material to potential buyers and investors; and
 - (c) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers and investors, as described below.
 6. The offer submission and evaluation stage of the SISP will be comprised of a two phase offering process: "**Phase 1**" being the submission of letters of intent ("**LOIs**") from qualified bidders, and "**Phase 2**" being the submission of formal binding offers from those parties that submitted LOIs and that have been invited by the Monitor, in consultation with FOUR20, to participate in Phase 2 (defined below as Phase 1 Qualified Bidders).

TIMELINE

7. The Monitor, in consultation with FOUR20, shall commence the within SISP on or before September 27, 2024 (such time being referred to herein as the "**Commencement Date**"). As soon as reasonably practicable following the Commencement Date, the Monitor shall publish on its website established with respect to FOUR20's CCAA proceedings, a timeline of the key milestones set out below setting out the specific dates of the respective milestones. Furthermore, the Monitor shall publish the timeline in the Teaser Letter, referenced below.
8. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Commencement Date (prepare data room and associates documents)	On or before September 27, 2024

Marketing Stage: Publication of Notice and Sending Teaser to Know Potential Buyers	On or before October 4, 2017
Completion of "Phase I" – interested parties to submit a non-binding letter of intent	November 15, 2024
Completion of "Phase II" – interested parties to submit a binding offer that meets at least the requirements set forth in the SISP	November 30, 2024
Selection of the highest or otherwise best bid(s) (the "Successful Bid(s)")	December 6, 2024
Seek a Court order approving the Successful Bid(s)	As soon as practical
Close the transaction contemplated in the Successful Bid(s)	As soon as practical

PRE-MARKETING STAGE

9. Prior to the Commencement Date:
- (a) the Monitor, in consultation with FOUR20, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; (ii) a non-disclosure agreement with the Monitor and FOUR20 (an "**NDA**"); and (iii) a confidential Information Memorandum ("**CIM**"). The Teaser Letter, NDA and CIM shall be in form and substance satisfactory to the Monitor, in consultation with FOUR20. The CIM will specifically stipulate that the Monitor, FOUR20 and each of their respective advisors make no representation or warranty as to the accuracy or completeness of the information contained in the CIM, the Data Room (as defined below), or made available pursuant to the SISP or otherwise, except to the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder (as defined below) ultimately executed and delivered by FOUR20 and/or the Monitor;
 - (b) the Monitor, with the assistance of FOUR20 will gather and review all required due diligence material to be provided to interested parties and shall establish a secure, electronic data room (the "**Data Room**"), which will be maintained and administered by the Monitor during the SISP; and
 - (c) FOUR20 and the Monitor will develop a draft form of LOI ("**LOI Form**") and a purchase and sale agreement or investment agreement for use during the SISP.

MARKETING STAGE

10. As soon as reasonably possible after the Commencement Date, the Monitor shall:
- (a) arrange for a notice of the SISP (and such other relevant information as the

Monitor, in consultation with FOUR20 considers appropriate) (the "**Notice**") to be published in the Calgary Herald, the website of the Monitor and any other newspaper or journals as the Monitor, in consultation with FOUR20 considers appropriate, if any; and

- (b) send the Teaser Letter and NDA to all parties that have approached the Monitor or FOUR20 indicating an interest in the Opportunity; and (ii) local, national and international strategic and financial parties who the Monitor believes may be interested in purchasing all or part of the Business and Property or investing in FOUR20 pursuant to the SISP (collectively, "**Known Potential Bidders**"), and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
11. The Monitor will send the CIM and grant access to the Data Room to those parties who have executed and delivered the NDA to the Monitor as soon as reasonably practicable after such execution and delivery.
 12. Requests for information and access to the Data Room will be directed to the Monitor, to the attention of the persons listed in Schedule "A" hereto. All printed information shall remain the property of FOUR20 and, if requested by the Monitor, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.
 13. Any party who expresses a desire to participate in the SISP (a "**Potential Bidder**") must, prior to being given any additional information such as the CIM and access to the Data Room, provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any ultimate Successful Bidder.
 14. If a Potential Bidder has delivered the NDA and a Qualified LOI (as defined below) that is satisfactory to the Monitor, acting reasonably, then such Potential Bidder will be deemed to be a "**Phase 1 Qualified Bidder**". No Potential Bidder shall be deemed not to be a Phase 1 Qualified Bidder without the approval of the Monitor.

OFFER SUBMISSION AND EVALUATION STAGE

Phase 1

Due Diligence

15. The Monitor in consultation FOUR20, and subject to competitive and other business considerations, will afford each Phase 1 Qualified Bidder such access to due diligence materials through the Data Room and information relating to the Property and Business as it deems appropriate. Due diligence access may further include management presentations with participation of the Monitor where appropriate, on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and to which the Monitor, in its reasonable business judgment, may agree. The Monitor and FOUR20 will each designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. None of the Monitor or FOUR20 will be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Further and for the avoidance of doubt, selected due diligence materials

may be withheld from certain Phase 1 Qualified Bidders if the Monitor, in consultation FOUR20, determines such information to represent proprietary or competitively sensitive information.

LOI Submission

16. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they ultimately enter into with FOUR20.
17. A Phase 1 Qualified Bidder who wishes to pursue the Opportunity further must deliver an executed LOI, identifying each specific Property or Business the Phase 1 Qualified Bidder is interested in, to the Monitor at the addresses specified in **Schedule "A"** hereto (including by email or fax transmission), so as to be received by them not later than 12:00 PM (Calgary time) on or before November 15, 2024 (the "**Phase 1 Bid Deadline**").
18. An LOI so submitted will be considered a qualified LOI (a "**Qualified LOI**") only if:
 - (a) it is submitted on or before the relevant Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) it contains a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals and direct and indirect beneficial owners of the Potential Bidder it contains an indication of whether the Phase 1 Qualified Bidder is making a:
 - (i) Sale Proposal; or
 - (ii) an Investment Proposal;
 - (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of each Property that is expected to be subject to the transaction and any of the Property or obligations for each Property expected to be excluded;
 - (iii) a specific indication of the financial capability, together with evidence of such capability, of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (iv) a description of the approvals required for a final and binding offer;
 - (v) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose including any asset and liability thresholds that must be met for the

- Phase 1 Qualified Bidder to submit a final and binding offer;
- (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vii) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (d) in the case of an Investment Proposal, it identifies the following:
- (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment in the Business;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or FOUR20 (including a description of which entity(s) will be invested in) in Canadian dollars;
 - (iii) the underlying assumptions regarding the *pro forma* capital structure;
 - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (v) a description of the approvals required for a final and binding offer;
 - (vi) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose including any asset and liability thresholds that must be met for the Phase 1 Qualified Bidder to submit a final and binding offer;
 - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose;
 - (viii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (ix) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (e) in the case of a Sale Proposal, it contains a statement that the Phase 1 Qualified Bidder meets all eligibility requirements of governmental authorities to purchase and accept a transfer of the Property, including without limiting the generality of the foregoing, the eligibility requirements of the applicable federal and provincial legislation.
- (f) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Monitor from time to time.

19. The Monitor, in consultation with FOUR20, may waive compliance with any one or more of

the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

20. Following the Phase 1 Bid Deadline, the Monitor will assess the Qualified LOIs with respect to the Property or Business in consultation with the Monitor and FOUR20. If it is determined by the Monitor that a Phase 1 Qualified Bidder that has submitted a Qualified LOI: (i) has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided; then such Phase 1 Qualified Bidder will be deemed to be a "**Phase 2 Qualified Bidder**", provided that the Monitor may, in its judgment but with the consent of the Monitor, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some Phase 1 Qualified Bidders from the process). Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP.
21. The Monitor, in consultation with FOUR20, will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), which will include a draft purchase and sale agreement or investment agreement (a "**Draft Purchase/Investment Agreement**") which will be made available in the Data Room, and the Bid Process Letter and will be sent to all Phase 2 Qualified Bidders who are invited to participate in Phase 2.

Phase 2: Formal Offers and Selection of Successful Bidder

Formal Binding Offers

22. Phase 2 Qualified Bidders that wish to make a formal Sale Proposal or an Investment Proposal shall submit to the Monitor a sealed binding offer that complies with all of the following requirements at the addresses specified in **Schedule "A"** hereto (including by email or fax transmission), so as to be received by the Monitor not later than 12:00 PM (Calgary time) on or before November 30, 2024, or such other date and time as may be modified in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
 - (a) the bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified LOIs;
 - (b) cash is the preferred form of consideration, but if the bid utilizes other consideration (including a form of credit bid), a description of the material terms of the consideration shall be provided;
 - (c) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Property or Business on terms and conditions reasonably acceptable to FOUR20, in consultation with the Monitor;
 - (d) unless otherwise agreed, the bid shall take the form of the Draft Purchase/Investment Agreement (with a blackline showing any changes) and shall

include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until Court approval of a Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with such Successful Bidder;

- (e) the bid includes duly authorized and executed transaction agreements as listed in the Draft Purchase/Investment Agreement; including, but not limited to, the purchase price, investment amount, or a combination thereof and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, and the name or names of the ultimate direct or indirect beneficial owner(s) of the Phase 2 Qualified Bidder including their respective percentage interests;
- (f) to the extent that a bid is conditional upon new or amended agreements being entered into with other parties, or existing agreements terminated, the interested parties shall provide the proposed terms of such terminated, amended or new agreements and identify how such agreements may differ from existing agreements to which FOUR20 may be a party. A Phase 2 Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in the bid, the likelihood of satisfying such conditions shall be an important factor in evaluating the bid;
- (g) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, including the timetable for obtaining financing and, if appropriate, the amount of senior debt, subordinated debt, equity and other source of financing contemplated in the *pro forma* capital structure that will allow the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (h) the bid should identify any threshold of assets to be acquired or liabilities to be assumed as a condition to proceeding to close a transaction;
- (i) the bid should not be conditional on the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or competitively sensitive information which was withheld in Phase 2 from the Phase 2 Qualified Bidder;
- (j) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (k) for a Sale Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a refundable deposit in the amount of not less than 10% of the purchase price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder, which shall be paid to "KSV Restructuring Inc. in trust" (the "**Deposit**"). One half of the Deposit shall be paid to "KSV Restructuring Inc. in trust" upon the submission of the Phase 2 Qualified Bidder's Phase 2 Bid. The second half of the Deposit shall be submitted upon the Phase 2 Qualified Bidder being selected as the Successful Bidder. The Successful Bidder's Deposit shall be applied as against the Purchase Price and all other Deposits submitted by Phase 2 Qualified Bidders who are not selected as the Successful Bidder shall be returned within five (5) business days of obtaining Court approval of the Successful Bid;

- (l) for an Investment Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a refundable deposit in the amount of not less than 10% of the total new investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder, which shall be paid to "KSV Restructuring Inc. in trust". One half of the Deposit shall be paid to "KSV Restructuring Inc. in trust" upon the submission of the Phase 2 Qualified Bidder's Phase 2 Bid. The second half of the Deposit shall be submitted upon the Phase 2 Qualified Bidder being selected as the Successful Bidder. The Successful Bidder's Deposit shall be applied as against the Purchase Price and all other Deposits submitted by Phase 2 Qualified Bidders who are not selected as the Successful Bidder shall be returned within five (5) business days of obtaining Court approval for the Successful Bid;
 - (m) the bid includes acknowledgments and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property, Business and FOUR20 prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or competitively sensitive information which was withheld in Phase 2 from the Phase 2 Qualified Bidder); (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever made by the Monitor or FOUR20, whether express, implied, statutory or otherwise, regarding the Business, Property or FOUR20, or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by FOUR20;
 - (n) all required corporate approvals of the Phase 2 Qualified Bidder will have been obtained prior to the submission of the bid;
 - (o) the bid shall identify any material conditions in favour of the purchaser to be resolved prior to closing the transaction;
 - (p) the bid is received by the relevant Phase 2 Bid Deadline; and
 - (q) the bid contemplates Court approval.
23. Following the Phase 2 Bid Deadline, the Monitor will assess the Phase 2 Bids received with respect to the Property or Business, in consultation with the Monitor and FOUR20. The Monitor will designate the most competitive bids that comply with the foregoing requirements to be "**Phase 2 Qualified Bids**". Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
24. The Monitor, in consultation with FOUR20, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Phase 2 Qualified Bid.
25. The Monitor, in consultation with FOUR20, shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Phase 2 Qualified Bid within ten (10) business days of the Phase 2 Bid Deadline, or at such later time as the Monitor deems appropriate.
26. If the Monitor is not satisfied with the number or terms of the Phase 2 Qualified Bids, the

Monitor, in consultation with FOUR20, may extend the Phase 2 Bid Deadline without Court approval.

27. The Monitor may terminate further participation in the Phase 2 Bid Process by any Qualified Phase 2 Bidder, or modify dates or procedures in this SISP as deemed appropriate or necessary, or terminate the process altogether.
28. The Monitor, in consultation with FOUR20, may aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one or more Phase 2 Qualified Bid(s).

Evaluation of Competing Bids

29. A Phase 2 Qualified Bid will be evaluated based upon several factors, including, without limitation, items such as the Purchase Price and the net value and form of consideration to be paid pursuant to such bid (including the extent of value available to creditors of FOUR20), the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions, including any conditions attached to the bid and the expected feasibility of such conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, compliance or eligibility with respect to the applicable federal and provincial legislation requirements, the likelihood and timing of consummating such transactions, and the ability of the bidder to finance and ultimately consummate the proposed transaction within the timeline established by the Monitor, in consultation with FOUR20.

Selection of Successful Bids

30. The Monitor, in consultation with FOUR20, may review and evaluate any or all Phase 2 Qualified Bids with the applicable Phase 2 Qualified Bidders, and such Phase 2 Qualified Bids may be amended, modified or varied as a result of such negotiations.
31. The Monitor, in consultation with FOUR20, will identify the highest or otherwise best bid or bids, including an assessment of the bid(s) to determine whether the bids, or any combination thereof, will allow FOUR20 to achieve its objective of addressing or disposing of all of its assets and liabilities (each, a "**Successful Bid**"), and the Phase 2 Qualified Bidder making such Successful Bid (the "**Successful Bidder**") for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Monitor, in consultation with FOUR20 shall be subject to approval by the Court.
32. The Monitor shall notify the Successful Bidder or Successful Bidders, as the case may be, that their bids constituted the Successful Bid or Bids within ten (10) business days of the date they were notified that their bids constituted Phase 2 Qualified Bids, or at such later time as the Monitor deems appropriate, in consultation with FOUR20.
33. FOUR20 shall have no obligation to select a Successful Bid, and the Monitor, in consultation with FOUR20, reserves the right to reject any or all Phase 2 Qualified Bids. Further, FOUR20 shall have no obligation to enter into a definitive agreement with a Phase 2 Qualified Bidder.

Sale Approval Application

34. FOUR20 shall apply to the Court (the "**Approval Application**") for orders approving any Successful Bid(s) and authorizing FOUR20 to enter into any and all necessary agreements with respect to the Successful Bid(s).
35. The Approval Application will be held on a date to be scheduled by FOUR20 with the Court, in consultation with the Monitor. The Approval Application may be adjourned or rescheduled by FOUR20, in consultation with the Monitor, without further notice, by an announcement of the adjourned date at the Approval Application or in a notice to the service list prior to the Approval Application.
36. All the Phase 2 Qualified Bids other than the Successful Bid(s), if any, shall be deemed rejected by the Monitor on and as of the date of approval of the Successful Bid(s) by the Court, but not before, and shall remain open for acceptance until that time.

Deposits

37. All Deposits shall be retained by the Monitor in a non-interest bearing trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Application shall be applied against the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will become non-refundable. The Deposits of Phase 2 Qualified Bidders not selected as a Successful Bidder shall be returned to such bidders within five (5) business days of the date upon which the Approval Order is granted by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) business days of the date upon which this SISP terminates in accordance with these procedures.

Confidentiality and Access to Information

38. Unless otherwise set out herein, participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, LOIs, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Monitor and such other bidders or Potential Bidders in connection with the SISP. The Monitor may however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
39. The Monitor may consult with any other parties with a material interest in the CCAA Proceedings regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Monitor (subject to paragraph 39 and taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that such parties shall have entered into confidentiality arrangements satisfactory to the Applicants and the Monitor.

Supervision of the SISP

40. The Monitor shall oversee the conduct of the SISP in all respects. Without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP procedure and the SISP Order and is entitled to receive all information in relation to the

SISP.

41. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Monitor and, FOUR20 and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with FOUR20 and approved by the Court. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.
42. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, Successful Bidder, or any other creditor or other stakeholder of FOUR20, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result of gross negligence or willful misconduct of the Monitor. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against, FOUR20 or the Monitor for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Monitor.
43. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
44. The Monitor shall have the right, in consultation with FOUR20, to modify the SISP and the deadlines set out herein (including, without limitation, pursuant to the Bid Process Letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP.
45. This SISP shall terminate in the event that: (a) no Phase 2 Qualified Bidder submits a Qualified Phase 2 Bid by the Phase 2 Bid Deadline, and the Phase 2 Bid Deadline is not otherwise extended by the Monitor; or (b) the Monitor, in consultation with FOUR20, determines that none of the Phase 2 Qualified Bids should be accepted as a Successful Bid.
46. The approvals required pursuant to the terms of this SISP are in addition to, and not in substitution for, any other approvals required by applicable law in order to implement a Successful Bid.
47. In order to discharge its duties in connection with the SISP, the Monitor may engage professional or business advisors or agents as the Monitor deems fit in its sole discretion.
48. At any time during the SISP, the Monitor or FOUR20 may apply to the Court for advice and directions with respect to any aspect of this SISP or the discharge of their respective powers and duties hereunder.
49. In the event that there is disagreement as to the interpretation or application of the SISP, the Court will have jurisdiction to hear and resolve such dispute.