

Clerk's stamp

COURT FILE NUMBERS 25-3086318 / B301-86318

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS  
AMENDED,  
  
IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF 420 INVESTMENTS LTD.,  
420 PREMIUM MARKETS LTD. and GREEN ROCK  
CANNABIS (EC 1) LIMITED

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

DOCUMENT **APPLICATION FOR STAY EXTENSION AND MISCELLANEOUS RELIEF**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **STIKEMAN ELLIOTT LLP**  
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File No.: 155857.1002

**NOTICE TO RESPONDENTS:**

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Monday, August 12, 2024  
Time: 2:00 p.m.  
Where: Via Webex (<https://albertacourts.webex.com/meet/virtual.courtroom60>)  
Before: The Honourable Associate Chief Justice D.B. Nixon

Go to the end of this document to see what you can do and when you must do it.

**Remedy claimed or sought:**

1. The Applicants, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**") (collectively, "**FOUR20**" or the "**Applicants**") seek:
  - (a) an Order attached substantially in the form attached hereto as **Schedule "A"** for the following relief:
    - (i) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;
    - (ii) pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended (the "**BIA**") extending the time within which the Applicants are required to file a proposal to their creditors (the "**Proposal Period**") for 45 days up to and including September 26, 2024 (the "**Second Stay Extension**"),
  - (b) an Order substantially in the form attached hereto as **Schedule "B"** directing that the appeal of the judgment of Applications Judge J.R. Farrington dated January 7, 2024 (the "**HP Judgment**"), in Alberta Court of King's Bench Action No. 2001-02873 (the "**Tilray Proceeding**") be scheduled on the Calgary Commercial List for September 13, 2024 at 2:00pm before the Honourable Justice C.D. Simard, or such other date as the parties may agree in writing or this Honourable Court may direct; and
  - (c) such further and other relief as this Honourable Court may deem just.

**Grounds for making this application:**

**A. BACKGROUND**

2. The Applicants are private corporations existing under the laws of the Province of Alberta. 420 Parent is the ultimate parent company of the FOUR20 group of companies. The FOUR20 business is focused on cannabis retail sales in western Canada. 420 Premium and GRC are directly or indirectly owned by 420 Parent.
3. On May 29, 2024, the Applicants each filed Notices of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy Canada pursuant to Section 50.4(1) of the BIA (the "**NOI Proceedings**"). KSV Restructuring Inc. (the "**Proposal Trustee**") is the Proposal Trustee in the NOI Proceedings.

4. On June 27, 2024, pursuant to the Order of Justice N.J. Whitling, the Applicants obtained, among other things, an extension of the Proposal Period up to and including August 12, 2024 (the “**First Stay Extension**”).

**B. EXTENSION OF THE PROPOSAL PERIOD**

5. The Applicants require the Second Stay Extension to continue the restructuring of its business and affairs and to work towards making a viable proposal to their creditors.

6. Since the First Stay Extension, the Applicants have continued to pursue numerous activities with a view to advancing its NOI Proceedings, restructuring its affairs and working towards its goal of presenting a proposal to its creditors (a “**Proposal**”). These steps have included, but are not limited to:

- (a) continuing to provide the Proposal Trustee with access to books and records;
- (b) working with the Proposal Trustee and the Applicants’ counsel, Stikeman Elliott LLP, generally, and in particular with respect to:
  - (i) exploring and considering the various exit strategies available to the Applicants in the context of these NOI Proceedings, including the structure and financing of any Proposal or sales process
  - (ii) preparing cash flow projections and identifying issues with respect to the Applicants’ financial condition;
- (c) communicating and engaging with stakeholders, employees, contractors and vendors;
- (d) communicating through counsel and the Proposal Trustee the release of funds withheld by Moneris and the Bank of Montreal;
- (e) reviewing its operating expenses, pursuing collection of accounts receivable and taking other steps to ensure the Applicants remain financially viable;
- (f) closing 9 operating and 7 non-operating locations, as well as the Applicants’ head office space (collectively, the “**Disclaimed Leases**”);
- (g) operating the remaining portfolio of 27 stores in the ordinary course;
- (h) consolidating inventory from store locations subject to the Disclaimed Leases to operating stores;

- (i) communicating with the Court and counsel to tentatively schedule the appeal of the HP Judgment pending the outcome of this Application;
  - (j) communicating with the Court and two landlords seeking to challenge the Notices of Disclaimer for their respective Disclaimed Leases;
  - (k) held meetings with potential sales advisors to assist with development of a marketing strategy and sales and investment solicitation process;
  - (l) advanced discussions with potential stalking horse bidders; and
  - (m) reviewed operating expenses, pursued the collection of accounts receivable and took other steps to ensure the Applicants remain financially viable during these proposal proceedings.
7. The Second Stay Extension is appropriate for, among others, the following reasons:
- (a) the Applicants have acted and continue to act in good faith and with due diligence;
  - (b) the Applicants will likely be able to make a viable proposal if the Second Stay Extension is granted;
  - (c) no creditor will be materially prejudiced by the requested Second Stay Extension.
8. The Proposal Trustee supports the requested Second Stay Extension.

**C. REQUEST FOR EXPEDITED APPEAL HEARING**

9. Since 2020, 420 Parent, High Park Shops Inc. (“**High Park**”) and Tilray, Inc. (“**Tilray**”) have been engaged in the Tilray Proceeding. The Tilray Proceeding relates to a disputed purchase of outstanding shares in 420 Parent by High Park and Tilray (the “**Tilray Transaction**”). In connection with the Tilray Transaction, 420 Parent, as borrower, and High Park, as lender, entered into a Loan Agreement whereby High Park agreed to advance \$7,000,000 to 420 Parent (the “**HP Loan**”).
10. In late January and February of 2020, High Park and Tilray delivered a series of breach notices and notices that purported to terminate the Arrangement Agreement. On February 21, 2020, 420 Parent commenced an action relating to the wrongfully terminated Arrangement Agreement (the “**420 Claim**”). High Park and Tilray each defended the 420 Claim.
11. On March 20, 2020, High Park filed a counterclaim in relation to the HP Loan (the “**HP Counterclaim**”) and three years later filed an application for summary judgment on March 2, 2023. On February 7, 2024, Applications Judge J.R. Farrington granted High Park summary judgment on

the HP Counterclaim in the amount of \$9,810,364.12, inclusive of pre-judgment interest and costs (the “**HP Judgment**”). The HP Judgment and enforcement steps taken by HP were the primary trigger for this NOI filing.

12. 420 Parent has appealed the HP Judgment pursuant to Rule 6.14 of the Alberta *Rules of Court* to a single Justice of the Alberta Court of King’s Bench (the “**Pending Appeal**”). The Pending Appeal is currently scheduled to be heard on December 5, 2024. All materials in respect of the Pending Appeal have been filed by High Park and 420 Parent.
13. High Park has indicated their concern that the Applicants refrain from commencing a Sales Investment or Solicitation Process until there is clarity on their position through a determination of the Pending Appeal. The Applicants have agreed to seek an earlier hearing of the Pending Appeal on the Commercial List to provide clarity for all stakeholders with respect to HP/Tilray’s status in these proceedings. The Justice hearing the appeal on the Commercial List will not be required to case manage the Pending Appeal or the Tilray Proceeding.
14. The Commercial Coordinator has tentatively reserved September 13, 2024, at 2:00pm before Justice Simard for the Pending Appeal hearing, pending the outcome of this Application. All relevant parties to the appeal have confirmed their availability and willingness to proceed on September 13, 2024.
15. Such further and other grounds as counsel for the Applicants may advise and this Honourable Court may permit.

**Material or evidence to be relied on:**

16. The Affidavit No. 2 of Scott Morrow, sworn on August 6, 2024;
17. The Affidavit No. 1 of Scott Morrow, sworn on June 19, 2024;
18. The Second Report of the Proposal Trustee, to be filed; and
19. Such further and other materials as counsel for the Proposal Trustee or the Applicants may advise and this Honourable Court may permit.

**Applicable rules:**

20. *Alberta Rules of Court*, Alta. Reg. 124/2010.

**Applicable Acts and regulations:**

21. The *Bankruptcy and Insolvency Act*, and in particular, ss. 50.4, 50.6, 64.2 and 183.
22. Such further or other Acts or regulations as counsel may advise and this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

23. None.

**How the application is proposed to be heard or considered:**

24. By Webex videoconference or teleconference before the Honourable Justice Nixon.

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant a reasonable time before the application is to be heard or considered.

**SCHEDULE "A"**

**PROPOSED FORM OF SECOND STAY EXTENSION ORDER**

COURT FILE NUMBER 25-3086318 / B301-86318 Clerk's stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 420 INVESTMENTS LTD., 420 PREMIUM MARKETS LTD. and GREEN ROCK CANNABIS (EC 1) LIMITED

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

DOCUMENT **ORDER (STAY EXTENSION AND MISCELLANEOUS RELIEF)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **STIKEMAN ELLIOTT LLP**  
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File No.: 155857.1002

**DATE ON WHICH ORDER WAS PRONOUNCED:** August 12, 2024

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta (Via Webex)

**NAME OF JUSTICE WHO MADE THIS ORDER:** Associate Chief Justice D.B. Nixon

**UPON THE APPLICATION** of the Applicants, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**") (collectively, "**FOUR20**" or the "**Applicants**"); AND UPON having reviewed the Affidavit of Scott Morrow, sworn August 6, 2024, and the Second Report of KSV Restructuring Inc. in its capacity as proposal trustee of the Applicants (the "**Proposal Trustee**"), dated ●; AND UPON noting that each of the Applicants filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") on May 29, 2024 (the "**Filing Date**"); AND UPON being advised that on June 27, 2024 an Order was granted extending the stay of proceedings and time to file a proposal to August 12, 2024 (the "**Initial Order**"); AND UPON having heard counsel for the Applicants, counsel for the Proposal Trustee and any other counsel or other interested parties present;



**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. The time for service of the application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the application.

**EXTENSION OF TIME TO FILE A PROPOSAL AND STAY OF PROCEEDINGS**

2. The time within which the Applicants are required to file a proposal to their creditors with the Official Receiver under section 50.4(9) of the BIA is hereby extended to September 26, 2024.
3. The stay of proceedings in the within matter is extended by 45 days to and including September 26, 2024.
4. Nothing in this Order shall prevent any party from taking an action against the Applicants:
  - (a) where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law;
  - (b) to file any registration or preserve or perfect a security interest; or
  - (c) prevent the registration of a claim for lien,

provided that no further steps shall be taken by such party except in accordance with further Order of this Court, and notice in writing of such action be given to the Applicants and the Proposal Trustee at the first available opportunity.

**INCREASE OF ADMINISTRATION CHARGE**

5. The Administration Charge (as defined in paragraph 17 of the Initial Order) is hereby increased to a maximum aggregate amount of \$500,000. All other terms of the Initial Order relating to the Administration Charge remain in full force and effect.

**GENERAL**

6. The Applicants or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.
7. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this

Order and to assist the Applicants, the Proposal Trustee, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Applicants, the Proposal Trustee, and their respective agents in carrying out the terms of this Order.

8. Any interested party (including the Applicants and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
9. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.

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J.C.K.B.A.

**SCHEDULE "B"**

**PROPOSED FORM OF SCHEDULING ORDER**

|   |                                      |               |
|---|--------------------------------------|---------------|
| COURT FILE NUMBER                       | 2001-02873                           | Clerk's stamp |
| COURT                                   | COURT OF KING'S BENCH OF ALBERTA     |               |
| JUDICIAL CENTRE                         | CALGARY                              |               |
| PLAINTIFF / DEFENDANT BY COUNTERCLAIM   | 420 INVESTMENTS LTD.                 |               |
| DEFENDANTS / PLAINTIFFS BY COUNTERCLAIM | TILRAY INC. and HIGH PARK SHOPS INC. |               |

DOCUMENT                         **ORDER**

|   |  |
|---|--|
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | <b>JENSEN SHAWA SOLOMON DUGUID HAWKES LLP</b><br>Barristers<br>800, 304 8 Avenue SW<br>Calgary, AB T2P 1C2 |
|---|--|

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Email: hawkesr@jssbarristers.ca / priceg@jssbarristers.ca / millers@jssbarristers.ca

File No.: 14826-001

|   |                                    |
|---|------------------------------------|
| <b>DATE ON WHICH ORDER WAS PRONOUNCED:</b>  | August 12, 2024                    |
| <b>LOCATION WHERE ORDER WAS PRONOUNCED:</b> | Calgary, Alberta (Via Webex)       |
| <b>NAME OF JUSTICE WHO MADE THIS ORDER:</b> | Associate Chief Justice D.B. Nixon |

**UPON THE APPLICATION** of the Applicants, 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**") (collectively, the "**Applicants**"); AND UPON having reviewed the Affidavit of Scott Morrow, sworn August 6, 2024; AND UPON noting that each of the Applicants filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") on May 29, 2024 (the "**Proposal Proceedings**"); AND UPON noting that the Proposal Proceedings are ongoing; AND UPON being advised that 420 Parent has filed an appeal of the judgment of Applications Judge J.R. Farrington dated February 7, 2024 (the "**Pending Appeal**"); AND UPON being advised that the Pending Appeal is presently scheduled for December 5, 2024; UPON having heard counsel for the Applicants, counsel for the High Park and Tilray Inc. and any other counsel or other interested parties present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The Pending Appeal shall be scheduled on the Calgary Commercial List before the Honourable Justice C.D. Simard on September 13, 2024 commencing at 2:00pm.

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J.C.K.B.A.