

Clerk's Stamp:

COURT FILE NUMBER 2401-17986  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 420 INVESTMENTS LTD., 420  
PREMIUM MARKETS LTD. and GREEN ROCK CANNABIS  
(EC1) LIMITED, and 420 DISPENSARIES LTD.

DOCUMENT

**PLAN OF COMPROMISE OR ARRANGEMENT**

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AND CONTACT  
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## PLAN OF COMPROMISE OR ARRANGEMENT

### WHEREAS:

- A. Pursuant to the order of the Honourable Justice Jones of the Court of King's Bench of Alberta (the "**Court**") issued September 19, 2024 ( the "**Initial Order**"), 420 Investments Ltd. ("**420 Parent**"), 420 Premium Markets Ltd. ("**420 OpCo**"), Green Rock Cannabis (EC 1) Ltd. ("**Green Rock**") and 420 Dispensaries Ltd. ("**Dispensaries**"), (the "**Applicants**") commenced proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and KSV Restructuring Inc. was appointed Monitor of the Applicants (in such capacity, the "**Monitor**") for the proceedings commenced by the Initial Order (the "**CCAA Proceedings**");
- B. 420 OpCo and Green Rock operate a chain of retail cannabis stores in Alberta and Ontario. 420 Parent owns all the shares of its subsidiaries, including Dispensaries, and is currently engaged in litigation with a contingent creditor, High Park Shops Ltd.
- C. On April 28, 2024, 420 Parent, 420 OpCo and Green Rock filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the "**BIA**") (the "**NOI Proceedings**"). The NOI Proceedings were later converted into the CCAA Proceedings.
- D. On October 2, 2024, the Court issued an order approving, and authorizing the Monitor to conduct, a sales and investment solicitation process for the business and/or assets of the Applicants (the "**SISP**").
- E. The Applicants are parties to a binding loan agreement dated February 11, 2025, pursuant to which they have obtained funding for a plan of compromise or arrangement to the Applicants' creditors for the purpose of, among other things, effecting a transaction whereby the applicants will borrow a pool of cash consideration to be used to compromise and payout the Applicants' unsecured creditors and 420 OpCo's secured creditor in accordance with the within Plan, and the secured creditors of 420 Parent and Dispensaries would be unaffected (the "**Plan**").
- F. The Applicants hereby propose and present this Plan to the Affected Creditors (as defined below) under and pursuant to the CCAA.

### ARTICLE 1 INTERPRETATION

#### Section 1.1 Definitions

In this Plan, including the recitals herein, unless otherwise stated or unless the subject matter otherwise requires, all capitalized terms used shall have the meanings, and grammatical variations of such words and phrases shall have the corresponding meanings, set out below:

"**Administration Charge**" has the meaning set out in the Initial Order.

"**Administration Expenses**" has the meaning set out in Section 4.2.

"**Administrative Expense Reserve**" means an amount to be determined as between the Applicants and the Monitor, each acting reasonably.

"**Affected Claim**" means any Claim that is not an Unaffected Claim.

"**Affected Creditor**" means any Creditor of the Applicants with an Affected Claim, but only with respect to and to the extent of such Affected Claim.

**“Affected Creditor Class”** means the class consisting of the Affected Creditors established under and for the purposes of the Plan, including voting in respect thereof.

**“Allowed Affected Claims”** means any Affected Claim of a Creditor against the Applicants, or such portion thereof, that is not barred by any provision of the Claims Procedure Order and which has been finally accepted and allowed for the purposes of voting at the Meeting and receiving distributions under the Plan, in accordance with the provisions of the Claims Procedure Order or any other Final Order of the Court in the CCAA Proceedings.

**“Applicable Law”** means any law, statute, order, decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision of any Governmental Entity.

**“Applicants”** has the meaning set out in the recitals hereto.

**“Applicants’ Conditions Precedent”** has the meaning set out in Article 7 hereto.

**“Articles”** means the articles of incorporation of the Applicants, as applicable.

**“Assessments”** means Claims of His Majesty the King in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority.

**“BIA”** has the meaning set out in the recitals hereto.

**“Business Day”** means a day on which banks are open for business in Calgary, Alberta but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

**“Bylaws”** means the bylaws of the Applicants, as applicable.

**“Canadian Tax Act”** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended.

**“Cash Payment”** means the entitlement of an Eligible Voting Creditor to receive such share of the Creditor Cash Pool, which shall be equivalent to 70% of such Eligible Voting Creditor’s Allowed Affected Claim, with such percentage potentially being subject to change depending on final values of all Allowed Affected Claims.

**“CCAA”** has the meaning set out in the recitals hereto.

**“CCAA Proceedings”** has the meaning set out in the recitals hereto.

**“Charges”** means the Administration Charge, the Directors’ Charge and the KERP Charge.

**“Claim”** means any or all Pre-Filing Claims, Restructuring Period Claims including any Claim arising through subrogation against any Applicant or any Director or Officer.

**“Claims Bar Date”** has the meaning provided for in the Claims Procedure Order.

**“Claims Procedure Order”** means the Order of the Court granted on September 19, 2024, establishing a claims procedure in respect of the Applicants, as same may be further amended, restated or varied from time to time.

**“Continuing Contract”** means a contract, arrangement, or other agreement (oral or written) for which a notice of disclaimer pursuant to section 32 of the CCAA has not been sent by any of the Applicants.

**“Convenience Amount”** means, in respect of any Allowed Affected Claim that is a Convenience Claim, the lesser of: (a) a cash amount equal to \$10,000; and (b) the amount of such Allowed Affected Claim.

**“Convenience Claim”** means any Affected Claim that is equal to or less than \$10,000, provided that: (a) any Claim denominated in a foreign currency will be converted to Canadian dollars at the Bank of Canada noon spot exchange rate (if available) or the spot exchange rate in effect on the Filing Date for the sole purpose of determining whether or not it is less than or equal to \$10,000; (b) Creditors shall not be entitled to divide a Claim for the purpose of qualifying such Claim as a Convenience Claim; and (c) Creditors shall be permitted to make a Convenience Election to reduce the amount of their Allowed Affected Claim to \$10,000 to qualify as a Convenience Claim and shall be deemed to have released and waived the balance of any such Allowed Affected Claim.

**“Convenience Creditor”** means an Affected Creditor having a Convenience Claim.

**“Convenience Election”** means an election made by an Affected Creditor with an Allowed Affected Claim greater than \$10,000 by delivery of a duly completed and executed Convenience Election Notice to the Applicants and the Monitor by no later than the Convenience Election Deadline, electing to receive the Convenience Amount in full satisfaction of its Allowed Affected Claim.

**“Convenience Election Deadline”** has the meaning ascribed thereto in the Meeting Order.

**“Convenience Election Notice”** means a notice substantially in the form attached to the Meeting Order.

**“Court”** has the meaning set out in the recitals hereto.

**“Creditor”** means any Person having a Claim, but only with respect to and to the extent of such Claim, including the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

**“Creditor Cash Pool”** means the amount borrowed by the Applicants from a third party lender in accordance with the Plan that is available for distribution to Creditors pursuant to the Plan.

**“Crown Claims”** means any Claim of His Majesty in Right of Canada or any Governmental Entity of a kind that could be subject to demand under section 6(3) of the CCAA that were outstanding at the Filing Date and which have not been paid by the Implementation Date.

**“D&O Claims”** means any or all Pre-Filing D&O Claims and Restructuring Period D&O Claims.

**“D&O Indemnity Claims”** means any existing or future right of any Director or Officer against any of the Applicants which arose or arises as a result of any D&O Claim for which such Director or Officer is entitled to be indemnified by any of the Applicants.

**“Disallowed Claims”** means any Claim of a Creditor against the Applicants, or such portion thereof, that has been barred or finally disallowed in accordance with the Claims Procedure Order or any other Final Order of the Court in the CCAA Proceedings.

**“Directors”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Applicants.

**“Directors’ Charge”** has the meaning set out in the Initial Order.

**“Disputed Claim”** means an Affected Claim or such portion thereof which is not barred by any provision of the Claims Procedure Order, which has not been allowed as an Allowed Affected Claim, which is validly

disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order.

**“Effective Time”** means 12:01 a.m. (Calgary time) on the Implementation Date.

**“Election Form”** means the form found at Schedule “B” hereto used by Affected Creditors to elect to receive either the Litigation Proceeds Amount or the Parent Shares Compensation Amount.

**“Eligible Voting Creditors”** means Unsecured Creditors with Allowed Affected Claims that are not Convenience Claims.

**“Employee”** means an individual who is employed by an Applicant, whether on a full-time or a part-time basis, and includes an employee on disability leave.

**“Employee Priority Claims”** means:

- (a) Claims equal to the amounts that such Employees and former employees would have been entitled to receive under paragraph 136(l)(d) of the BIA if the Applicants had become bankrupt on the Filing Date; and
- (b) Claims for wages, salaries, commissions or compensation for services rendered by such Employees and former Employees after the Filing Date and on or before the Implementation Date together with disbursements properly incurred by them in and about the Applicants’ business during the same period.

**“Employment Agreements”** means, collectively, the employment agreements, the management compensation plans, and indemnification agreements of, or for the benefit of, the Directors, Officers, and employees of any of the Applicants that were in effect as at the Filing Date.

**“Encumbrance”** means any security interest, lien, claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, adverse claim or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

**“Equity Interest”** has the meaning ascribed thereto in section 2(1) of the CCAA.

**“Filing Date”** means May 29, 2024.

**“Final Judgment”** means a final order, ruling or judgment of the Court, or any other court of competent jurisdiction, in the Tilray Litigation (a) that is in full force and effect; (b) that has not been reversed, modified or vacated and is not subject to any stay; and (c) in respect of which all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving such order, ruling or judgment wholly operable.

**“Final Judgment Amount”** means any amount received by the Applicants from a Final Judgment.

**“Final Order”** means any order, ruling or judgment of the Court, or any other court of competent jurisdiction: (a) that is in full force and effect; (b) that has not been reversed, modified or vacated and is not subject to any stay; and (c) in respect of which all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving such order, ruling or judgment wholly operable.

**“Governmental Entity”** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to

exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

**“Implementation Date”** means the Business Day on which the Plan becomes effective.

**“Initial Order”** has the meaning set out in the recitals hereto.

**“Intercompany Claim”** means any claim that may be asserted against any of the Applicants by or on behalf of any other Applicant or any of their affiliated companies, partnerships, or other corporate entities.

**“KERP”** has the meaning set out in the Initial Order.

**“KERP Charge”** has the meaning set out in the Initial Order.

**“KERP Prepayment”** has the meaning set out in Section 5.4(c)(iii) of this Plan.

**“List of Claims”** has the meaning set out in the Meeting Order.

**“Litigation Proceeds”** means a Final Judgment Amount or Settlement Amount in favour of 420 Parent with respect to the Tilray Litigation defined herein.

**“Litigation Proceeds Amount”** means an amount equal to 100% of an Allowed Affected Claim, to be paid from the Litigation Proceeds, less any amounts received by an Unsecured Creditor through participation in the Creditor Cash Pool.

**“Litigation Proceeds Election”** means an election on the Election Form by an Affected Creditor to receive the Litigation Proceeds Amount.

**“Litigation Proceeds Promissory Note”** means a promissory note in the form found at Schedule “A” to this Plan.

**“Material”** means a fact, circumstance, change, effect, matter, action, condition, event, occurrence or development that, individually or in the aggregate, is, or would reasonably be expected to be, material to the business, affairs, results of operations or financial condition of the Applicants, taken as a whole.

**“Meeting”** means a meeting of Affected Creditors to be held on the Meeting Date called for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment, postponement or other rescheduling of such meeting in accordance with the Meeting Order.

**“Meeting Date”** means the date on which the Meeting is held in accordance with the Meeting Order.

**“Meeting Order”** means the Order of the Court granted in these CCAA Proceedings, among other things, setting the date for the Meeting, as same may be amended, restated or varied from time to time.

**“Monitor”** has the meaning set out in the recitals hereto.

**“Monitor’s Website”** means [www.ksvrestructuring.com](http://www.ksvrestructuring.com).

**“Notice to Known Claimants”** means a notice that shall be referred to in the Claims Procedure Order, advising each known Creditor of its Claim against an Applicant as determined by the Monitor based on the books and records of the Applicants.

**“Officers”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Applicants, in such capacity.



**“Unsecured Creditors”** means the unsecured creditors of all of the Applicants with Allowed Affected Claims.

**“Order”** means any order of the Court made in connection with the CCAA Proceeding.

**“Outside Date”** means June 30, 2025.

**“Parent Shares”** means common shares in 420 Investment Ltd. which are nominally valued at CAD \$0.30 per share, if an Affected Creditor elects to choose the Parent Share Compensation Amount.

**“Parent Share Compensation Amount”** means the issuance of Parent Shares in a value which equates to 100% of an Allowed Affected Claim, less any amounts received through participation in the Creditor Cash Pool;

**“Parent Share Election”** means an election on the Election Form by an Affected Creditor to receive the Parent Share Compensation Amount.

**“Person”** means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, receiver, liquidator, monitor, executor, administrator or other legal personal representative, Governmental Entity or other entity however designated or constituted.

**“Plan”** means this Plan of Compromise or Arrangement filed by the Applicants pursuant to the CCAA, as it may be amended, supplemented or restated from time to time in accordance with the terms hereof.

**“Plan Implementation Fund”** has the meaning set out in Section 4.1.

**“Post-Filing Claim”** means any or all indebtedness, liability, or obligation of the Applicants of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Implementation Date in respect of services rendered or supplies provided to the Applicants during such period or under or in accordance with any Continuing Contract; provided that, for certainty, such amounts are not a Restructuring Period Claim or a Restructuring Period D&O Claim.

**“Pre-Filing Claim”** means any or all right or claim of any Person against any of the Applicants, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Applicant to such Person, in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or claim with respect to any Assessment, or contract, or by reason of any Equity Interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against any of the Applicants with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which right or claim, including in connection with indebtedness, liability or obligation, is based in whole or in part on facts that existed prior to the Filing Date, including for greater certainty any Equity Claim, any claim brought by any proposed or confirmed representative plaintiff on behalf of a class in a class action, and any D&O Indemnity Claim.

**“Pre-Filing D&O Claim”** means any or all right or claim of any Person against one or more of the Directors and/or Officers arising based in whole or in part on facts that existed prior to the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments, any claim brought by any proposed or confirmed representative plaintiff on behalf of a class in a class action, and any right or ability of any Person to advance a claim for

contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer.

**“Proof of Claim”** means the Proof of Claim referred to in the Claims Procedure Order to be filed by unknown Creditors.

**“Released Claims”** has the meaning set out in Section 8.2.

**“Released Parties”** means, collectively, and in their capacities as such: (a) the Applicants; (b) the past and current Employees, legal and financial advisors, and other representatives of the Applicants; (c) the Directors and Officers; (d) the Monitor and its legal advisors; and (f) any other Person who is the beneficiary of a release under the Plan.

**“Required Majority”** means a majority in number of Unsecured Creditors representing at least two thirds in value of the Allowed Affected Claims of Affected Creditors who are entitled to vote at the Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the resolution approving the Plan at the Meeting.

**“Restructuring Period Claim”** means any or all right or claim of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease or other agreement, whether written or oral, and including any right or claim with respect to any Assessment.

**“Restructuring Period D&O Claim”** means any or all right or claim of any Person against one or more of the Directors and/or Officers arising after the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer.

**“Sanction Order”** means an Order of the Court sanctioning and approving the Plan, as it may be amended by the Court.

**“Secured Claim”** means any or all Claims of a “secured creditor” as defined in section 2(1) of the CCAA.

**“Settlement Amount”** means any amount received by the Applicants from any settlement of the Tilray Litigation.

**“Stoke Claim”** means the Secured Claim in favour of Stoke Canada Finance Corp. at 420 OpCo.

**“Tilray Litigation”** means Court Action No. 2001-02873 commenced by 420 Parent against Tilray Inc. and High Park Shops Inc., in the Court of King’s Bench of Alberta, and the counterclaim commenced by Tilray Inc. and High Park Shops Inc. against 420 Parent.

**“Tilray Claim”** means the counterclaim in the Tilray Litigation.

**“Unaffected Claims”** means any and all:

- (a) Secured Claims filed against 420 Parent;
- (b) Post-Filing Claims;
- (c) Crown Claims;
- (d) Claims secured by a Charge;
- (e) Employee Priority Claims;
- (f) Intercompany Claims, subject to Section 5.4(e);
- (g) D&O Claims that cannot be compromised pursuant to the provisions of Section 5.1(2) of the CCAA; and
- (h) Claims that cannot be compromised pursuant to the provisions of section 19(2) of the CCAA,

and for certainty, shall include any Unaffected Claim arising through subrogation.

**“Unaffected Creditor”** means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim.

**“Undeliverable Distribution”** has the meaning set out in Section 5.6.

**“Withholding Obligation”** has the meaning set out in Section 5.8.

### **Section 1.2 Interpretation Not Affected by Headings, etc.**

The division of this Plan into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

### **Section 1.3 General Construction**

The terms “this Plan”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Plan and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Plan.

### **Section 1.4 Extended Meanings**

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

### **Section 1.5 Currency**

All references in this Plan to dollars, monetary amounts or to \$ are expressed in the lawful currency of Canada unless otherwise specifically indicated.

### **Section 1.6 Statutes**

Except as otherwise provided in this Plan, any reference in this Plan to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

### **Section 1.7 Date and Time for any Action**

For purposes of the Plan:

- (a) in the event that any date on which any action is required to be taken under the Plan by any Person is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and
- (b) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

### **Section 1.8 Schedules**

The following Schedules are incorporated in and form part of this Plan:

- (a) Schedule "A"; and
- (b) Schedule "B".

## **ARTICLE 2 PURPOSE AND EFFECT OF PLAN**

### **Section 2.1 Purpose**

- (a) The purpose of the Plan is to effect the restructuring of the Applicants pursuant to the terms and conditions of this Plan and to:
  - (i) effect a compromise, settlement, release and discharge of all Affected Claims in exchange for distributions to Affected Creditors with Allowed Affected Claims;
  - (ii) facilitate the distribution of the Creditor Cash Pool, along with the election of the Litigation Proceeds Election or Parent Share Election to fully compensate Affected Creditors with Allowed Affected Claims;
  - (iii) ensure the continuation of the operations of the 420 OpCo and Green Rock entities and to hold and continue the Tilray Litigation for the benefit of all stakeholders;

to ensure that Persons with a valid economic interest in the Applicants will, collectively, derive a greater benefit from the implementation of this Plan than they would derive from a bankruptcy or liquidation of the Applicants.

- (b) The Monitor will report to Affected Creditors and the Court regarding the Plan prior to the date Affected Creditors are to vote on the Plan. Creditors wishing to review copies of Court orders and other materials filed in these proceedings, including copies of the Monitor's reports, are directed to the Monitor's Website.
- (c) All Creditors should review this Plan and the Monitor's report on the Plan before voting to accept or to reject this Plan.

## **Section 2.2 Persons Affected**

- (a) The Plan provides for, among other things, the compromise, discharge and release of all Affected Claims, and the settlement of, and consideration for, all Allowed Affected Claims.
- (b) The Plan will become effective at the Effective Time on the Implementation Date in accordance with the terms and conditions contained herein, and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, and all other Persons directly or indirectly named, referred to in, subject to, or receiving the benefit of, the Plan, and each of their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with the terms hereof.

## **Section 2.3 Persons Not Affected by the Plan**

This Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims. Nothing in this Plan shall affect the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

## **ARTICLE 3 CLASSIFICATION OF CREDITORS, VOTING AND TREATMENT OF CLAIMS**

### **Section 3.1 Claims Procedure**

The procedure for determining the validity and quantum of the Affected Claims and for resolving Disputed Claims for voting and distribution purposes under the Plan shall be governed by the Claims Procedure Order, the Meeting Order, the CCAA, the Plan and any further Order of the Court.

### **Section 3.2 Classification of Creditors**

In accordance with the Meeting Order, for the purposes of considering and voting on the Plan and receiving a distribution hereunder, the Affected Creditors shall constitute two classes of Creditors, being the Unsecured Creditors and the Stoke Claim.

### **Section 3.3 Meeting**

The Meeting shall be held in accordance with the Plan, the Meeting Order, and any further Order of the Court in the CCAA Proceedings. The only Persons entitled to attend the Meeting, are representatives of the Applicants, the Monitor, and their respective legal counsel and advisors, and Eligible Voting Creditors or their respective duly appointed proxyholders and their respective legal counsel and advisors. Any other Person may be admitted on invitation of the chair of the Meeting or as permitted under the Meeting Order or any further Order of the Court.

### **Section 3.4 Voting**

Pursuant to and in accordance with the Meeting Order, each of the following Creditors shall be entitled to vote on the Plan at the Meeting for the Affected Creditors Class:

- (a) Convenience Creditors. Each Affected Creditor with an Allowed Affected Claim or a Disputed Claim that constitutes a Convenience Claim, including Affected Creditors that have made a Convenience Election, shall be deemed to vote in favour of the Plan.
- (b) Stoke Claim. The secured creditor holding the Stoke Claim shall be paid in full and deemed to vote in favour of the Plan.

- (c) Unsecured Creditors. Each Unsecured Creditor with an Allowed Affected Claim that does not constitute a Convenience Claim shall be entitled to one vote for the purpose of determining a majority in number, in the amount equal to such Creditor's Allowed Affected Claim. For voting purposes only, the dollar value of an Allowed Affected Claim held by an Unsecured Creditors shall be:
- (i) the amount shown as owing to such Unsecured Creditors as of the Filing Date (to the extent such amount continues to remain unpaid), as set out in the List of Claims; or
  - (ii) the amount agreed to between such Unsecured Creditors and the Applicants, and consented to by the Monitor.

### **Section 3.5 Treatment of Affected Claims**

An Affected Creditor shall receive distributions as set forth below only to the extent that such Affected Creditor's Claim is an Allowed Affected Claim and has not been paid, released, or otherwise satisfied prior to the Implementation Date. Under the supervision of the Monitor, and in full and final satisfaction of all Affected Claims, each Affected Creditor with an Allowed Affected Claim will receive the following consideration:

- (a) with respect to Affected Creditors with Allowed Affected Claims that constitute Convenience Claims, including Affected Creditors that have made a Convenience Election, each such Convenience Creditor shall receive a Cash Payment on the Implementation Date equal to the Convenience Amount;
- (b) with respect to Unsecured Creditors with Allowed Affected Claims that do not constitute Convenience Claims, each such Eligible Voting Creditor shall receive a Cash Payment on the Implementation Date, and shall additionally receive their choice of a Litigation Proceeds Amount or Parent Share Compensation Amount, with such Litigation Proceeds Amount or Parent Share Compensation Amount equivalent to the remaining total of such Eligible Voting Creditor's Allowed Affected Claim following receipt of the Cash Payment; and
- (c) with respect to the Affected Creditor holding the Stoke Claim, payment in full from the Creditor Cash Pool.

All Affected Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date.

### **Section 3.6 Treatment of Unaffected Claims**

Unaffected Claims shall not be compromised, released, discharged, cancelled or barred by the Plan. Unaffected Creditors will not receive any consideration or distributions under the Plan in respect of their Unaffected Claims, unless specifically provided for under and pursuant to the Plan, and they shall not be entitled to vote on the Plan at the Meeting in respect of their Unaffected Claims.

### **Section 3.7 Treatment of Intercompany Claims**

In no instance will the holder of an Intercompany Claim be entitled to a vote in the Plan, to receive a Cash Payment, or be able to exercise any election including the litigation proceeds election or the Parent Share Election.

### **Section 3.8 Treatment of D&O Claims**

All D&O Claims shall be fully, finally, and irrevocably compromised, released, discharged, cancelled, extinguished and barred on the Implementation Date. All D&O Indemnity Claims shall be treated for all purposes under the Plan as Pre-Filing Claims and shall be fully, finally, and irrevocably compromised, released, discharged, cancelled, extinguished and barred on the Implementation Date. Any D&O Claims that cannot be compromised pursuant to the provisions of Section 5.1(2) of the CCAA shall constitute Unaffected Claims and shall continue to exist against the Directors or Officers of the Applicants, as applicable; provided that in no event shall such D&O Claims become obligations or liabilities of the Applicants.

### **Section 3.9 Treatment of Tilray Claim**

As a contingent litigation claim, the Tilray Claim shall constitute an Unaffected Claim under the Plan. Subject to the terms and conditions of the Plan, from and after the final and binding decision from the Court or the Alberta Court of Appeal ordering payment of the Tilray Claim, the Tilray Claim shall constitute valid outstanding indebtedness of the Applicants. For certainty:

- (a) All security held by Tilray will remain valid and effective as against the Applicants unaffected by the Plan in all respects, and shall only be discharged upon the full and final satisfaction or dismissal of the Tilray Claim or the Tilray Litigation by way of Court Order, Final Judgment, or settlement.

### **Section 3.10 Disputed Claims**

An Affected Creditor with a Disputed Claim shall not be entitled to receive a distribution under the Plan in respect of such Disputed Claim or any portion thereof unless and until, and then only to the extent that, such Disputed Claim becomes an Allowed Affected Claim in accordance with the Meeting Order and the Claims Procedure Order. Distributions pursuant to and in accordance with this Plan shall be paid or distributed in respect of any Disputed Claim that is finally determined to be an Allowed Affected Claim in accordance with this Plan and the Meeting Order.

### **Section 3.11 Extinguishment of Claims**

On the Implementation Date, and in accordance with the provisions of the Sanction Order, the treatment of Affected Claims, as set forth herein, shall be final and binding on the Applicants and all Affected Creditors (and, in each case, their respective heirs, executors, administrators, legal personal representatives, successors and assigns), and all Affected Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred, and the Applicants shall thereupon have no further obligation whatsoever in respect of the Affected Claims; provided that nothing herein releases the Applicants or any other Person from their obligations to make distributions in the manner and to the extent provided for in the Plan and provided further that such discharge and release of the Applicants shall be without prejudice to the right of a Creditor in respect of a Disputed Claim to prove such Disputed Claim in accordance with the Claims Procedure Order so that such Disputed Claim may become an Allowed Affected Claim entitled to receive consideration under Section 3.5 hereof.

### **Section 3.12 Guarantees and Similar Covenants**

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under the Plan, or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised under the Plan, shall be entitled to any greater rights than the Person whose Claim is compromised under the Plan.

### **Section 3.13 Set-Off**

The law of set-off applies to all Affected Claims.

## **ARTICLE 4 PLAN IMPLEMENTATION FUND; ADMINISTRATIVE EXPENSE RESERVE**

### **Section 4.1 Plan Implementation Fund**

On or prior to the Implementation Date, the funder shall deliver, or cause to be delivered, to the Monitor, an amount equal to the Creditor Cash Pool, together with funding sufficient to satisfy the Allowed Affected Claims of Convenience Creditors (the "**Plan Implementation Fund**"). The Plan Implementation Fund shall be held by the Monitor in a segregated account of the Monitor, and shall be used by the Monitor to pay, on behalf of the Applicants, all amounts payable to Eligible Voting Creditors and Convenience Creditors under the Plan.

### **Section 4.2 Administrative Expense Reserve**

On or prior to the Implementation Date, the Applicants shall pay to the Monitor the Administrative Expense Reserve. From and after the Implementation Date, the Monitor shall pay from the Administrative Expense Reserve, the reasonable and documented fees and disbursements (plus any applicable taxes thereon) for any post-Implementation Date services incurred by the Applicants and their legal counsel, the Monitor, its legal counsel, and any other Persons from time to time retained or engaged by the Monitor, in connection with administrative and estate matters (collectively, the "**Administration Expenses**"). Any unused portion of the Administrative Expense Reserve shall be transferred by the Monitor to the Applicants.

## **ARTICLE 5 DISTRIBUTIONS AND PAYMENTS**

### **Section 5.1 Distributions Generally**

All distributions to be effected pursuant to the Plan shall be made pursuant to this Article 5 and shall occur in the manner set forth herein. All cash distributions to be made under the Plan to Convenience Creditors and Eligible Voting Creditors shall be made by the Monitor on behalf of the Applicants by cheque or by wire transfer and: (a) in the case of a cheque, will be sent, via regular mail, to such Creditor to the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in writing in accordance with Section 9.9; or (b) in the case of a wire transfer, shall be sent to an account specified by such Creditor to the Monitor in writing to the satisfaction of the Monitor. Notwithstanding any other provision of the Plan, an Affected Creditor holding a Disputed Claim shall not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Disputed Claim becomes an Allowed Affected Claim.

### **Section 5.2 Distributions to Convenience Creditors**

If the Plan is approved by the Required Majority of the Unsecured Creditors and the Sanction Order is granted by the Court, then the Monitor, on behalf of the Applicants, shall make a payment to each Convenience Creditor on the Implementation Date equal to such Convenience Creditor's Convenience Amount, and such payment shall be in full consideration for the irrevocable, full and final compromise and satisfaction of such Convenience Creditor's Affected Claim.

### **Section 5.3 Distributions of Cash and Litigation Proceeds Election**

Each Affected Creditor shall complete an Election Form in the form set out in Schedule "B" indicating their choice of either the Parent Share Compensation Amount or Litigation Proceeds Amount. The Election Form must be returned electronically via email to the Applicants and the Monitor in accordance with



Section 9.9 herein. Election Forms must be completed and returned to the Applicants and the Monitor on or before April 18, 2025.

Any Affected Creditor that fails to return the Election Form to the Applicants and the Monitor by April 18, 2025 shall be deemed to have made the Litigation Proceeds Election.

If the Plan is approved by the Required Majority of the Affected Creditor Class and the Sanction Order is granted by the Court, then each Eligible Voting Creditor shall be entitled to receive their Cash Payment and Parent Share Compensation Amount or Litigation Proceeds Amount, as applicable, on the Implementation Date, and such distributions shall be in full consideration for the irrevocable, full and final compromise and satisfaction of such Affected Creditor's Affected Claim.

If the Plan is approved by the Required Majority of the Unsecured Creditors and the Sanction Order is granted by the Court, then each Eligible Voting Creditor who make the Litigation Proceeds Election shall receive a Litigation Proceeds Promissory Note in the form contained in Schedule "A" to this Plan guaranteeing payment of their Litigation Proceeds Amount on the date that Litigation Proceeds become available to the Applicants.

If the Plan is approved by the Required Majority of the Unsecured Creditors and the Sanction Order is granted by the Court, then each Eligible Voting Creditor who makes the Parent Share Election shall be entitled to receive their Parent Share Compensation Amount on the Implementation Date.

#### **Section 5.4 Distributions, Payments and Settlements of Unaffected Claims**

(a) Post-Filing Claims;

All Post-Filing Claims outstanding as of the Implementation Date, if any, shall be paid by the applicable Applicant in the ordinary course consistent with past practice.

(b) Crown Claims;

On or as soon as reasonably practicable following the Implementation Date, the applicable Applicant shall pay or cause to be paid in full all Crown Claims, if any, outstanding as at the Filing Date or related to the period ending on the Filing Date, to the applicable Governmental Entity.

(c) Claims secured by a Charge;

(i) Administration Charge

On the Implementation Date, all outstanding obligations, liabilities, fees, and disbursements secured by the Administration Charge which are evidenced by invoices of the beneficiaries thereof delivered to the Monitor as at the Implementation Date, shall be fully paid by the Applicants. Following such payment, the Administration Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Applicants and the Plan Implementation Fund. Following the Implementation Date, Administrative Expenses shall be paid from the Administrative Expense Reserve.

(ii) Directors Charge

On the Implementation Date, all D&O Claims shall be fully, finally, and irrevocably compromised, released, discharged, cancelled, extinguished, and barred in accordance with Article 8 and the Directors' Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Applicants and the Plan Implementation Fund.

(iii) KERP Charge

On the Implementation Date, the Applicants will pay the lesser of \$270,000 and the maximum possible payment remaining pursuant to the KERP, to the Monitor, in trust (the “**KERP Prepayment**”), and following such payment the KERP Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Applicants, and the Plan Implementation Fund. The Monitor shall, from the KERP Prepayment, make all KERP Payments, as defined in the KERP, upon such payments becoming due and payable under the KERP. Any unused portion of the KERP Prepayment shall be transferred by the Monitor to the Applicants.

(d) Employee Priority Claims

On the Implementation Date, applicable Applicants shall pay or cause to be paid in full all Employee Priority Claims due and accrued to the Implementation Date, to each holder of an Employee Priority Claim to the full amount of his, her, or their respective Employee Priority Claim.

(e) Intercompany Claims

On or prior to the Implementation Date, Intercompany Claims shall be set-off, cancelled, maintained, reinstated, contributed or distributed, or otherwise addressed, in each case, as set forth on the books and records of, and/or in documents executed by, the applicable Applicant.

### **Section 5.5 Allocation of Distributions**

All distributions made to Affected Creditors pursuant to the Plan shall be allocated first towards the repayment of the principal amount in respect of such Affected Creditor’s Claim and second, if any, towards the repayment of all accrued but unpaid interest in respect of such Affected Creditor’s Claim.

### **Section 5.6 Treatment of Undeliverable Distributions**

If any Creditor’s distribution under this Plan is returned as undeliverable or is not cashed (an “**Undeliverable Distribution**”), no further distributions to such Creditor shall be made unless and until the Applicants and the Monitor are notified by such Creditor of such Creditor’s current address, at which time all past distributions shall be made to such Creditor. All claims for Undeliverable Distributions must be made on or before the date that is six months following the Implementation Date, after which date any entitlement with respect to such Undeliverable Distribution shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any federal, state or provincial laws to the contrary, at which time any such Undeliverable Distributions shall be returned to the relevant Applicant. Nothing contained in the Plan shall require the Applicants or the Monitor to attempt to locate any Person to whom a distribution is payable. No interest is payable in respect of an Undeliverable Distribution.

### **Section 5.7 Assignment of Claims for Voting and Distribution Purposes**

(a) Assignment of Claims Prior to Meeting

Subject to any restrictions contained in Applicable Laws, Affected Creditors may transfer or assign the whole of their Claims prior to the Meeting provided that the Applicants and the Monitor shall not be obliged to deal with any transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment has been given to the Applicants and the Monitor prior to the commencement of the Meeting. In the event of such notice of transfer or assignment prior to the Meeting, the transferee or assignee shall, for all purposes, be treated as the Affected Creditor of the assigned or transferred Claim, will be bound by any and all notices previously given to the transferor or assignor in respect of such Claim and shall be bound, in all respects, by any and all notices given and by the Orders of the Court in the CCAA Proceeding. For greater certainty, other than as described above, the Applicants shall not recognize partial transfers or assignments of Claims.

**(b) Assignment of Claims Subsequent to Meeting**

Subject to any restrictions contained in Applicable Laws, Affected Creditors may transfer or assign the whole of their Claims after the Meeting provided that the Applicants and the Monitor shall not be obliged to deal with any transferee or assignee as an Affected Creditor and the Monitor shall not be obliged to make any distributions to the transferee or assignee in respect thereof unless and until actual notice of the transfer or assignment, together with evidence of the transfer or assignment and a letter of direction executed by the transferor or assignor, all satisfactory to the Applicants and the Monitor, has been given to the Applicants and the Monitor by 5:00 p.m. on the day that is at least one (1) Business Day immediately prior to the Implementation Date, or such other date as the Monitor may agree. Thereafter, the transferee or assignee shall, for all purposes, be treated as the Affected Creditor of the assigned or transferred Claim, will be bound by any notices previously given to the transferor or assignor in respect of such Claim and shall be bound, in all respects, by notices given and steps taken, and by the orders of the Court in the CCAA Proceedings.

**Section 5.8 Withholding Rights**

The Applicants, and the Monitor shall be entitled to deduct and withhold consideration otherwise payable to an Affected Creditor in such amounts (a “**Withholding Obligation**”) as the Applicants or Monitor, as the case may be, is required or entitled to deduct and withhold with respect to such payment under the Canadian Tax Act or any other provision of any Applicable Law. To the extent that amounts are so deducted or withheld and remitted to the applicable Governmental Entity or as required by Applicable Law, such amounts deducted or withheld shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made. For greater certainty, and notwithstanding any other provision of the Plan: (a) each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Withholding Obligations imposed by any Governmental Entity on account of such distribution; and (b) no consideration shall be paid to or on behalf of a holder of an Allowed Affected Claim pursuant to the Plan unless and until such Person has made arrangements satisfactory to the Applicants or the Monitor, as the case may be, for the payment and satisfaction of any Withholding Obligations imposed on the Applicants or the Monitor by any Governmental Entity.

**ARTICLE 6  
COURT SANCTION**

**Section 6.1 Application for Sanction Order**

If the Required Majority of Affected Creditors approves the Plan, the Applicants shall apply to the Court for the Sanction Order.

**Section 6.2 Sanction Order**

The Applicants shall seek a Sanction Order that, among other things:

- (a) declares that the Meeting was duly called and held in accordance with the Meeting Order;
- (b) declares that the Applicants were authorized to present the Plan;
- (c) declares that: (i) the Plan has been approved by the Required Majority in conformity with the CCAA; (ii) the activities of the Applicants have been in good faith and in reasonable compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceedings in all respects; (iii) the Court is satisfied that the Applicants have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;

- (d) declares that as of the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved pursuant to section 6 of the CCAA, binding and effective as herein set out upon and with respect to the Applicants, all Affected Creditors, the Directors and Officers and all other Persons named or referred to in or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (e) declares that the steps to be taken and the compromises and releases to be effective on the Implementation Date are deemed to occur and be effected on the Implementation Date, beginning at the Effective Time;
- (f) declares that the releases effected by this Plan shall be approved and declared to be binding and effective as of the Implementation Date upon all Affected Creditors and all other Persons affected by this Plan and shall enure to the benefit of such Persons;
- (g) declares that, except as provided in the Plan, all obligations, agreements or leases to which the Applicants are a party on the Implementation Date, including all Continuing Contracts, shall be and remain in full force and effect, unamended, as at the Implementation Date, except as they may have been amended by the parties thereto subsequent to the Filing Date, and no party to any such obligation or agreement shall on or following the Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right (including any right of set-off, option, dilution or other remedy) or remedy under or in respect of any such obligation or agreement, by reason:
- (i) of any event which occurred prior to, and is not continuing after, the Implementation Date, or which is or continues to be suspended or waived under the Plan, which would have entitled such party to enforce those rights or remedies;
  - (ii) that the Applicants have sought or obtained relief or have taken steps as part of the Plan or under the CCAA, or that the Plan has been implemented;
  - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Applicants;
  - (iv) of the effect upon the Applicants of the completion of any of the transactions contemplated by the Plan, including any change of control of the Applicants arising from the implementation of the transactions contemplated by the Plan; or
  - (v) of any compromises, settlements, restructuring, recapitalizations, reorganizations or steps effected pursuant to the Plan;
- and declares that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any non-competition agreement or obligation, provided that such agreement shall terminate or expire in accordance with the terms thereof or as otherwise agreed by the Applicants and the applicable Persons;
- (h) authorizes the establishment of the Plan Implementation Fund with the Monitor and authorizes the Monitor to perform its functions and fulfil its obligations under the Plan and to facilitate the implementation of the Plan on and after the Implementation Date, including resolution of the Disputed Claims, distributions and payments from the Plan Implementation Fund and the termination of the CCAA Proceedings;
- (i) subject to payment of any amounts secured thereby, declares that each of the Charges shall be dealt with as set out in Section 5.4(c) effective on the Implementation Date;

- (j) declares all Allowed Affected Claims and Disallowed Claims determined in accordance with the Claims Procedure Order are final and binding on the Applicants and all Creditors and that all Encumbrances of Affected Creditors (other than Encumbrances in respect of Unaffected Claims), including all security registrations in respect thereof, are discharged and extinguished, and the Applicants or their counsel shall be authorized and permitted to file discharges and full terminations of all related filings (whether pursuant to personal property security legislation or otherwise) against the Applicants in any jurisdiction without any further action or consent required whatsoever;
- (k) confirms the releases contemplated in Article 8;
- (l) declares that the Applicants or the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan; and
- (m) such other relief which the Applicants or the Monitor may request.

## ARTICLE 7 CONDITIONS PRECEDENT & IMPLEMENTATION

### Section 7.1 Conditions Precedent to Implementation in favour of Applicants

The implementation of the Plan shall be conditional upon the satisfaction of the following conditions precedent (the “**Applicants’ Conditions Precedent**”) prior to or at the Effective Time, each of which is for the benefit of the Applicants and may be waived only by the Applicants in writing:

- (a) the Plan shall have been approved by the Required Majority in accordance with the CCAA;
- (b) the Sanction Order shall have been issued by the Court, and it shall have become a Final Order;
- (c) the Plan Implementation Fund and Administrative Expense Reserve shall have been paid to the Monitor;
- (d) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Plan that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Plan or any part thereof or requires or purports to require a variation of the Plan;
- (e) all agreements, resolutions, documents, and other instruments, which are reasonably necessary to be executed and delivered in order to implement the Plan or perform its respective obligations under the Plan or the Sanction Order, shall have been executed and delivered, and shall be in form and in content satisfactory to the Applicants; and
- (f) all Material filings under Applicable Laws shall have been made and any regulatory consents or approvals that are required in connection with the Plan shall have been obtained and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated, and the Applicants shall be satisfied that the Applicants have the requisite approvals, permissions and authorizations to operate subsequent to the Implementation Date and in accordance with the Plan.

## **Section 7.2 Failure to Satisfy Conditions Precedent**

If the Applicants' Conditions Precedent are not satisfied or waived on or before the Outside Date, the applicable party may provide written notice to the other party and the Monitor that such party is revoking or withdrawing the Plan and, upon delivery of such notice: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void.

Upon delivery of written notice from the each party of the satisfaction or waiver of the conditions set out herein and Section 7.1, the Monitor shall forthwith deliver to the Applicants a certificate stating that the Implementation Date has occurred and that the Plan, as it relates to the Restructuring, is effective in accordance with its terms and the terms of the Sanction Order. As soon as practicable following the Implementation Date, the Monitor shall file such certificate with the Court.

## **ARTICLE 8 EFFECT OF PLAN; RELEASES**

### **Section 8.1 Binding Effect of the Plan**

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction Order, will become effective and binding at the Effective Time, and the Plan will be binding on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- (a) full, final and absolute settlement of all rights of any Affected Creditor; and
- (b) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of the Applicants in respect of any Affected Creditor, except as otherwise provided herein.

### **Section 8.2 Released Parties**

Subject to Section 8.3, in consideration of the distribution described herein to Affected Creditors, and other good and valuable consideration from the Applicants pursuant, or in relation, to this Plan, from and after the Effective Time, each of the Released Parties will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Affected Creditors (including any Person who may claim contribution or indemnification against or from them) may be entitled to assert, including any and all claims in respect of statutory liabilities of Directors and Officers other than as set out in Section 8.3 below, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time or, with respect to the time of such matters, relating to, arising out of or in connection with any claim, including without limitation any claim arising out of: (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral, by the Applicants; (ii) the business of the Applicants; (iii) the Plan, including any transaction referenced in and relating to the Plan; and (iv) the CCAA Proceedings (collectively, the "**Released Claims**").

Except for those claims described in Section 8.3, from and after the Effective Time, all Persons, along with their respective affiliates, present and former officers, directors, employees, partners, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed, and enjoined, on and after the Effective Time, with respect to any and all Released Claims against the Released Parties, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, claim, suit, demand or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, claim, suit or demand, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or
- (e) taking any actions to interfere with the implementation or consummation of the Plan or the transactions contemplated therein.

All Persons who have previously commenced a Released Claim in any court, which has not been finally determined, discontinued or dismissed prior to the Effective Time shall, forthwith after the Effective Time take all steps necessary to discontinue or dismiss such Released Claim, without costs.

### **Section 8.3 Claims Not Released**

For clarity, nothing in Sections Section 8.1 and Section 8.2 will release or discharge:

- (a) the Applicants from or in respect of any Unaffected Claim or its obligations to Affected Creditors under the Plan or under any order of the Court made in the CCAA Proceedings;
- (b) a Released Party if,
  - (i) in connection with a Released Claim, the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed a breach of trust (whether common law or statutory), fraud or willful misconduct or to have been grossly negligent; or
  - (ii) in the case of Directors, in respect of any claim referred to in Section 5.1(2) of the CCAA.

### **Section 8.4 Consents and Agreements at the Effective Time**

At the Effective Time, each Affected Creditor will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety. Without limitation to the foregoing, each Affected Creditor will be deemed:

- (a) to have executed and delivered to the Applicant all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) to have waived any default by or rescinded any demand for payment against the Applicant that has occurred on or prior to the Effective Time; and

- (c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Applicant with respect to an Affected Claim as at the Effective Time and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly; and

### **Section 8.5 Waiver of Defaults**

From and after the Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants (except under the Plan) then existing or previously committed or caused by the Applicants, or any Applicant, the commencement of the CCAA Proceedings, any matter pertaining to the CCAA Proceedings, any of the provisions in the Plan or steps or transactions contemplated in the Plan, or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, indenture, note, lease, guarantee, agreement for sale or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Applicants, or any Applicant, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicants from performing their obligations under the Plan or be a waiver of defaults by the Applicants under the Plan and the related documents.

## **ARTICLE 9 GENERAL**

### **Section 9.1 Claims Bar Date**

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Affected Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

### **Section 9.2 Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

### **Section 9.3 Modification of the Plan**

- (a) The Applicants reserves the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan with the agreement of the Applicants and the Monitor, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and: (i) if made prior to or at the Meeting, communicated to the Affected Creditors prior to or at the Meeting; and (ii) if made following the Meeting, approved by the Court following notice to the Affected Creditors. For certainty, the Applicants may increase the consideration payable or otherwise provided under this Plan upon notice to the Applicants and Monitor and without their consent.
- (b) Notwithstanding Section 9.3(a), any amendment, restatement, modification or supplement may be made by the Applicants and Monitor, without further Court Order or approval, provided that it: (i) concerns a matter which, in the opinion of the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order; (ii) cures any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors; or (iii) increases the consideration payable or otherwise provided to one or more Affected Creditors hereunder and does not decrease any consideration payable or otherwise provided to any Affected Creditor.



- (c) Any amended, restated, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section, approved by the Court, shall, for all purposes, be and be deemed to constitute the Plan.
- (d) Subject to the terms herein, in the event that this Plan is amended, the Monitor shall post such amended Plan on the Monitor's Website and such posting shall constitute adequate notice of such amendment.

#### **Section 9.4 Paramountcy**

From and after the Effective Time, any conflict between:

- (a) the Plan or any Order in the CCAA Proceeding; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the Implementation Date or the Articles or Bylaws of the applicable Applicant at the Implementation Date,

will be deemed to be governed by the terms, conditions and provisions of the Plan, which shall take precedence and priority, provided that any settlement agreement executed by any applicable Applicant and any Person asserting a Claim that was entered into from and after the Filing Date shall be read and interpreted in a manner that assumes such settlement agreement is intended to operate congruously with, and not in conflict with, the Plan.

#### **Section 9.5 Severability of Plan Provisions**

If, prior to the date of the Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants, shall have the power to either: (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Implementation Date; or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **Section 9.6 Reviewable Transactions**

Section 36.1 of the CCAA, Sections 38 and 95 to 101 of the BIA and any other federal or provincial law relating to preferences, fraudulent conveyances or transfers at undervalue, shall not apply to this Plan or to any payments made in connection with transactions entered into by the Applicants after the Filing Date, including to any and all of the payments and transactions contemplated by and to be implemented pursuant to this Plan.

#### **Section 9.7 Responsibilities of the Monitor**

KSV Restructuring Inc. is acting in its capacity as Monitor in the CCAA Proceeding with respect to the Applicants, the CCAA Proceeding and this Plan and not in its personal or corporate capacity, and will not be responsible or liable for any obligations of the Applicants under the Plan or otherwise.

## Section 9.8 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided to the contrary herein, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

## Section 9.9 Notice

- (a) Any notice or other communication under this Plan shall be in writing and may be delivered personally, by courier or by email, addressed:

If to the Applicants:

**Stikeman Elliott LLP**  
 4200 Bankers Hall West  
 888 – 3rd Street SW  
 Calgary, AB T2P 5C5  
 Attention: Karen Fellowes, KC / Archer Bell  
 Email: kfellowes@stikeman.com / abell@stikeman.com

If to the Monitor:

**KSV Restructuring Inc.**  
 1165, 324 – 8th Ave SW  
 Calgary, Alberta T2P 2Z2  
 Attention: Andrew Basi / Ross Graham  
 Email: abasi@ksvadvisory.com / rgraham@ksvadvisory.com

with a copy to:

**Bennett Jones LLP**  
 4500, 855 2 Street SW  
 Calgary, AB T2P 4K7  
 Attention: Michael Selnes  
 Email: selnesm@bennettjones.com

If to an Affected Creditor:

To the mailing address, facsimile address or email address provided on such Affected Creditor's Notice to Known Claimants or Proof of Claim;

or to such other address as any party may from time to time notify the others in accordance with this Section.

- (b) Any such notice or other communication, if given by personal delivery or by courier, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.
- (c) Sending a copy of a notice or other communication to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a party.

- (d) If, during any period during which notices or other communications are being given pursuant to this Plan, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further Order of the Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or electronic or digital transmission in accordance with this Section.

#### **Section 9.10 Further Assurances**

Each of the Persons directly or indirectly named or referred to in, or subject to, this Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

**DATED** as of April 7, 2025.

## Schedule "A"

## PROMISSORY NOTE

**AMOUNT:** CAD \$ \_\_\_\_\_ **DUE:** **ON THE DUE DATE**  
**(AS DEFINED BELOW)**

The undersigned, 420 Investments Ltd. ("**420 Parent**") hereby promises to pay to the order of \_\_\_\_\_ (the "**Holder**") the sum of CAD \$ \_\_\_\_\_, which amount shall be non-interest bearing (the "**Amount**").

The Amount shall be due and payable on the date that 420 Parent receives payment (the "**Tilray Payment**") from either:

- (a) a final order, ruling or judgment of the Alberta Court of King's Bench, or any other court of competent jurisdiction, in Court Action No. 2001-02873 commenced by 420 Parent against Tilray Inc. and High Park Shops Inc. (the "**Tilray Litigation**") (a) that is in full force and effect; (b) that has not been reversed, modified or vacated and is not subject to any stay; and (c) in respect of which all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving such order, ruling or judgment wholly operable; or
- (b) settlement of the Tilray Litigation

(the "**Due Date**"), provided that:

- (a) any amounts owing by 420 Parent pursuant to any applicable litigation funding agreement (the "**Litigation Expenses**") are paid first; and
- (b) the Tilray Payment is sufficient to pay any Litigation Expenses and the full amounts owing under all Promissory Notes issued by 420 Parent that are contingent on the Tilray Litigation (the "**Litigation Promissory Notes**").

In the event that the Tilray Payment is not sufficient to pay any Litigation Expenses and the full amounts owing under the Litigation Promissory Notes, the Litigation Expenses shall be paid in full and any remaining portion of the Tilray Payment shall be distributed to holders of the Litigation Promissory Notes, including this Promissory Note, on a pro-rata basis. In such event, such pro-rata payment shall be in full and final satisfaction of this Promissory Note.

This Promissory Note shall be construed in accordance with and governed by the terms of the laws of the Province of Alberta and the federal laws of Canada applicable therein.

DATED at Calgary, Alberta on \_\_\_\_\_, 2025.

**420 Investments Ltd.**

Per: \_\_\_\_\_  
Scott Morrow  
CEO



**Schedule "B"**

**ELECTION FORM**

**IN THE MATTER OF *THE COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended**

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

The undersigned, \_\_\_\_\_, hereby elects to receive the:

**Litigation Proceeds Amount (as defined in the Plan of Arrangement); or**

**Parent Shares Compensation Amount (as defined in the Plan of Arrangement).**

Each Affected Creditor shall complete this Election Form and return it electronically via email to the Applicants and the Monitor on or before April 18, 2025. This Election Form shall be emailed to the following recipients:

FOUR20's Counsel:

**STIKEMAN ELLIOTT LLP**

Attention: Karen Fellowes, K.C. / Archer Bell  
Email: kfellowes@stikeman.com/  
abell@stikeman.com

Monitor:

**KSV RESTRUCTURING INC.**

Attention: Andrew Basi / Ross Graham  
Email: abasi@ksvadvisory.com /  
rgraham@ksvadvisory.com

Monitor's Counsel:

**BENNETT JONES LLP**

Attention: Michael Selnes  
Email: selnesm@bennettjones.com

Any Affected Creditor that fails to return this Election Form to the Applicants and the Monitor by April 18, 2025 shall be deemed to have made the Litigation Proceeds Election.

DATED at \_\_\_\_\_ on \_\_\_\_\_, 2025.

**Name of Affected Creditor:**

Per: \_\_\_\_\_