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C112598

COURT FILE NUMBER 2201-11655

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF SUGARBUD CRAFT GROWER CORP., TRICHOME HOLDINGS CORP. and 1800905 ALBERTA LTD.



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Dec 9 2022

APPLICANTS: SUGARBUD CRAFT GROWER CORP., TRICHOME HOLDINGS CORP. and 1800905 ALBERTA LTD.

DOCUMENT: **AFFIDAVIT OF DANIEL T. WILSON**

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**Counsel for the Applicants, Sugarbud Craft Grower Corp.,
Trichome Holdings Corp., and 1800905 Alberta Ltd.**

**SECOND AFFIDAVIT OF DANIEL T. WILSON
Sworn on November 28, 2022**

I, Daniel T. Wilson, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the President and Chief Executive Officer, interim Vice President of Finance and Chief Financial Officer, and a Director and Chairman of the Board of Sugarbud Craft Grower Corp. ("**SCGC**"), President and Chief Executive Officer, Vice President and Chief Financial Officer and Director of Trichome Holdings Corp. ("**THC**") and 1800905 Alberta Ltd. ("**OpCo**" together with SCGC and THC, the "**Applicants**" or "**Sugarbud**") and I am authorized to swear this affidavit (the "**Affidavit**") on behalf of the Applicants.
2. I have personal knowledge of the matters and facts herein deposed, except where based on information and belief, in which case I believe the same to be true.

3. All capitalized terms not otherwise defined herein shall have the same meaning as within my Affidavit sworn on October 7, 2022 (the "**October 7 Affidavit**").

Background

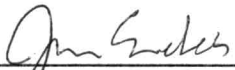
4. Sugarbud operates a federally licensed cannabis production facility located in Stavely, Alberta (the "**Facility**") where it produces, distributes and sells cannabis products across Canada.
5. Since receiving its cultivation licence and commencing its cannabis operation in August of 2019, Sugarbud has been cash flow negative for the entire history of its operations. Despite attempts to access additional financing or complete a transaction, Sugarbud is facing a significant working capital deficit which makes it unable to pay its ongoing obligations as they become due.
6. On September 26, 2022, the Applicants each filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the BIA and A&M was appointed as Proposal Trustee.
7. As a result of the filing of the NOI, all proceedings against the Applicants and the Property were automatically stayed for an initial period of thirty (30) days (i.e. until October 26, 2022) (the "**NOI Stay Period**"). The NOI Stay Period was subsequently extended to December 10, 2022 by an order (the "**NOI Order**") granted by Justice D.B. Nixon of this Honourable Court on September 29, 2022.
8. The Applicants continued the NOI Proceedings under the CCAA pursuant to section 11.6 of the CCAA on October 14, 2022 and obtained an initial order (the "**Initial Order**") and an amended and restated initial order (the "**ARIO**").

Current Status of the Applicants Business and Restructuring Efforts


9. During the CCAA proceedings, the Applicants and its management team have been working diligently and in good faith with the Monitor and Connect First Credit Union Ltd. ("**CFCU**") towards a restructuring. Sugarbud requires an extension of the Stay Period to complete the SISP and return to this Honourable Court to apply for approval of a restructuring or other transaction, to conclude the SISP.

10. The Applicants are requesting a two and a half month extension of the Stay Period to February 28, 2023, because it is not clear how much time will be required to complete the SISF and any transaction arising therefrom.
11. With the support of the Monitor and CFCU, Sugarbud is of the view that this longer extension of the Stay Period is appropriate, to avoid the unnecessary expenditure of the incremental professional fees that would be incurred in further extending the Stay Period, if a shorter extension was sought at this time.
12. In my view, the requested extension is appropriate, because the Applicants have acted and continue to act in good faith and with due diligence, and the requested extension will not materially prejudice any of the Applicants' creditors.
13. The Applicants cash flow projection for the period to and including February 28, 2023 will be included in the Monitor's First Report, to be filed in connection with Sugarbud's application.
14. This Affidavit is sworn in support of Sugarbud's Application for an extension of the Stay Period until February 28, 2023.

SWORN before me at the City of Calgary, in)
 the Province of Alberta, this 28th day of)
 November, 2022)


 A Commissioner for Oaths in and for the
 Province of Alberta

JORDAN S. EELES
STUDENT-AT-LAW


DANIEL T. WILSON