

COURT FILE NUMBER 2201-11655

Clerk's Stamp:

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.

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

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

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT: MLT AIKINS LLP  
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File No.: 0158011/00003

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

**FIFTH AFFIDAVIT OF DANIEL T. WILSON**  
**Sworn on April 20, 2023**

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**"), Second Affidavit sworn on November 28, 2022 (the "**Second Wilson Affidavit**"), my Third Affidavit sworn on January 12, 2023 (the "**Third Wilson Affidavit**"), and my Fourth Affidavit sworn on March 15, 2023 (the "**Fourth Wilson 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 18, 2022 and obtained an initial order (the "**Initial Order**") and an amended and restated initial order (the "**ARIO**") on that date.

### **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**" or the "**Interim Lender**") towards a restructuring. Sugarbud requires an

extension of the Stay Period to continue to work toward and complete a transaction within the CCAA proceedings with CFCU.

10. The Applicants have been working with the Monitor and CFCU to finalize a credit bid to purchase the Facility in which the Applicants operations are currently conducted.
11. The Applicants are also aware that a separate party who previously participated in the SISP had approached the Monitor with a proposed transaction that would be complimentary to the one proposed by CFCU.
12. The Applicants further understand that the terms of the proposed transaction from the third party were not acceptable to CFCU and the additional transaction was unable to be consummated. The Applicants understand that, on April 12, 2023, the third party advised CFCU that it was withdrawing its offer to pursue other opportunities. As a result, there will not be a going concern sale of the operating assets of the Applicants.
13. Since the Third Stay Extension, the Applicants have continued to wind-down their operations. The Applicants have wound down cannabis cultivation activities and have focused on the sale of certain excess inventory to generate additional receivables during this period. The Applicants expect that all of the remaining inventory will either be sold or destroyed prior to the end of the CCAA proceedings.
14. Opco has also provided notice to Health Canada that it will be ceasing operations effective as of May 12, 2023. Attached hereto and marked as **Exhibit "A"** is a copy of the notice sent to Health Canada.
15. The Applicants are requesting an approximately one month extension of the Stay Period to May 31, 2023 (the "**Fourth Stay Extension**"), because it is not clear how much time will be required to complete a transaction for the sale of the Facility to CFCU.
16. With the support of the Monitor and CFCU, Sugarbud is of the view that this extension 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.

17. 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.
18. The Applicants cash flow projection for the period up to and including May 31, 2023 will be included in the Monitor's Fourth Report, to be filed in connection with or shortly after Sugarbud's application.
19. This Affidavit is sworn in support of Sugarbud's Application for an extension of the Stay Period until May 31, 2023.

SWORN before me at the City of Calgary, in )  
 the Province of Alberta, this 20<sup>th</sup> day of April, )  
 2023 )



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 A Commissioner of Oaths in and for the  
 Province of Alberta



\_\_\_\_\_  
**DANIEL T. WILSON**

**CATRINA WEBSTER**  
**BARRISTER & SOLICITOR**

THIS IS EXHIBIT "A" TO THE  
AFFIDAVIT OF DANIEL T. WILSON  
SWORN BEFORE ME AT CALGARY, ALBERTA,  
This 20<sup>th</sup> day of April, 2023



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A Commissioner for Oaths in and for the Province of Alberta

CATRINA WEBSTER  
BARRISTER & SOLICITOR



## Notice of cessation of cannabis activities form

All mandatory fields are indicated by an asterisk (\*).

This form should be used to notify Health Canada of a licence holder's intent to cease all cannabis activities authorized by a licence. As required by the *Cannabis Regulations*, notification is required 30 calendar days before the activities cease. The completed form should be emailed to [licensing-cannabis-licences@hc-sc.gc.ca](mailto:licensing-cannabis-licences@hc-sc.gc.ca). The subject line and the file name should indicate "Notice of Cessation of Cannabis Activities and the LIC #".

### Section 1: Administrative information

Type of submission:\*

☒ New notice of cessation of activities

☐ Update to previously submitted  
information about cessation of activities

To update previously submitted information, outline the updates in the appropriate section of this form.

Request revocation of licence?\*

☒ Yes

☐ No

Name of licence holder:\*

1800905 Alberta Ltd.(Sugarbud Craft Growers)

Licence number:\*

LIC-4LSWAF93BR-2022

### Section 2: Required information

Date on which activities are expected to cease:\*

2023-05-12

Responsible person:\*

Daniel Wilson

Describe how any cannabis remaining at the site will be disposed of:\*

Composted- Cannabis will disposed of as per PRC-OPS-000022 .

Total quantity of cannabis remaining on site as of date of cessation:\*

zero

Will any cannabis remaining on site be sold or distributed, in whole or in part?\*

☐ Yes ☒ No

If yes, name and address of the person to whom it will be sold or distributed:

Quantity to be sold or distributed:

Will any cannabis be destroyed in whole or in part?\*

☒ Yes ☐ No

If yes:

Date when the destruction is to take place:

2023-04-26

Location where destruction will take place:

Sugarbud Craft Growers Corp. site. 5822 52 nd street Stavely Alberta T0L 1Z0

Quantity to be destroyed:

55.8 kg

Address where the licence holder's records, reports, electronic data and other documents that are required to be retained under the *Cannabis Act* will be retained after activities have ceased. If you are not requesting the revocation of your licence, your records, reports, electronic data and other documents must be available at your licensed site:\*

Sugarbud Craft Growers Corp. site. 5822 52 nd street Stavely Alberta T0L 1Z0

**Person from whom Health Canada may obtain further information after activities have ceased**

Name:\*

Bryan Krol

Address:\*

Suite 1110, 250 6th Ave. S.W. Calgary, AB T2P 3H7

Telephone:\*

(403) 538-7523

Fax number (if applicable):

Email:\*

bkrol@alvarezandmarsal.com

**Section 3: Attestation by responsible person**

I hereby attest that all the information provided in this report is correct and complete, to the best of my knowledge.

Full name of responsible person:\*  
Daniel Wilson

Signature of responsible person:\*  
*Dan Wilson*

Date:\* 2023-04-20