

COURT FILE NUMBER:

25-095326
25-095328
25-095327

Clerk's stamp

COURT:

COURT OF KING'S BENCH
OF ALBERTA

JUDICIAL CENTRE:

CALGARY

MATTER:

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED,

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF
SUGARBUD CRAFT GROWER CORP.

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF 1800905
ALBERTA LTD.

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF
TRICHOME HOLDINGS CORP.

APPLICANTS:

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

DOCUMENT:

APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MLT AIKINS LLP
2100, 222 - 3rd Ave SW
Calgary, Alberta T2P 0B4
Phone: 403.693.5420/2636
Fax: 403.508.4349
Attention: Ryan Zahara/ Chris Nyberg
File: 0158011/00001

NOTICE TO RESPONDENT(S)

This application is made against you. You are Respondents.

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

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

Date: September 29, 2022
Time: 11:00 am
Where: Calgary Courts Centre via Webex videoconference
Before Whom: The Honourable Justice D.B. Nixon on the Commercial List

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

Remedy Claimed or Sought:

1. The Applicants, Sugarbud Craft Growers Corp. ("**SCGC**"), Trichome Holdings Corp. ("**THC**") and 1800905 Alberta Ltd. ("**Opco**" together with SCGC and THC, collectively "**Sugarbud**" or the "**Applicants**") respectfully seek an Order substantially in the form attached hereto as **Schedule "A"**:
 - (a) abridging the time for service of this Application and the supporting materials and deeming service thereof to be good and sufficient;
 - (b) consolidating, for procedural purposes only, the Alberta Court of King's Bench in Bankruptcy and Insolvency Estate Nos. 25-095326, 25-095327, and 25-095328 (the "**NOI Proceedings**") into Estate No. 25-095326 (the "**Consolidated Proposal Proceeding**");
 - (c) pursuant to section 64.2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), declaring that:
 - (i) the Applicants' counsel, MLT Aikins LLP ("**MLTA**"), Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as proposal trustee of the Applicants (the "**Proposal Trustee**"), and legal counsel for the Proposal Trustee Burnet, Duckworth & Palmer LLP ("**BDP**") and collectively with MLTA and the Proposal Trustee, "**Administrative Professionals**") shall be paid their reasonable fees and disbursements; and
 - (ii) the Administrative Professionals, as security for their respective professional fees and disbursements incurred both before and after the granting of the requested Order, shall be entitled to the benefit of and are hereby granted a first priority charge (the "**Administration Charge**") over all present and after-acquired property of Sugarbud (the "**Property**"), which charge shall not exceed an aggregate amount of \$500,000.00.
 - (d) pursuant to Section 50.4 of the BIA extending the time for filing a proposal to December 10, 2022;

- (e) approving a sales and investment and solicitation process ("**SISP**");
- (f) pursuant to section 50.6 of the BIA, declaring that Sugarbud shall be authorized and empowered to obtain and borrow under a credit facility from Connect First Credit Union Ltd. (the "**Interim Lender**") in order to finance Sugarbud's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,000,000 unless permitted by further order of this Court (the "**Interim Financing Facility**");
- (g) pursuant to section 50.6(3) of the BIA, declaring that the Interim Lender shall be entitled to the benefit of a charge (the "**Interim Lender's Charge**") on the Property to a maximum amount of \$2,000,000 to secure all obligations to the Interim Lender ranking subordinate only to the Administration Charge; and
- (h) Approving a charge (the "**Directors' Charge**") in the amount of \$200,000 favour of Sugarbud's directors and officers (the "**Directors and Officers**");
- (i) approving a KERP Charge (as defined below);
- (j) granting a Sealing Order (as defined and detailed below); and
- (k) such further and other relief as may be sought by Sugarbud and this Honourable Court may deem appropriate.

Grounds for Making this Application:

2. On September 26, 2022, each of SCGC, THC and Opco filed a Notice of Intention to Make a Proposal (collectively, the "**NOI**") pursuant to section 50.4(1) of the BIA with the Office of the Superintendent of Bankruptcy. A&M is the Proposal Trustee of each of SCGC, THC and Opco.

Consolidation

3. THC and Opco are wholly-owned subsidiaries of SCGC and their respective insolvencies arose in part from transactions and agreements in respect of which they are all a party.
4. The Consolidated Proposal Proceeding will allow for the NOI Proceedings to be managed more efficiently and are necessary and appropriate to enable the Court and the parties to, among other things:
 - (a) determine common questions of fact and law between the parties;
 - (b) clarify the issues and claims being advanced as they relate to the same transaction or series of transactions;
 - (c) ensure consistency and avoid the possibility of conflicting decisions; and
 - (d) facilitate the efficient and economic administration of means of resolving the SCGC, THC and Opco restructuring proceedings and avoid duplication.

Extension of time to file Proposal

5. Sugarbud has acted and continues to act in good faith and with due diligence in advancing the NOI Proceedings. Sugarbud, by way of this Application, is seeking a SISP and Interim Financing necessary to initiate and complete a restructuring of its affairs or the sale of its assets in order to maximize returns to its stakeholders.
6. Sugarbud is seeking an extension of the time to file its proposal until December 10, 2022.

SISP

7. In order to effect a restructuring of Sugarbud, it is proposed that a SISP be commenced as soon as possible after obtaining Court approval. The SISP will allow Sugarbud to solicit a potential investment transaction or facilitate a sale of its assets on a going concern basis. It is proposed that the SISP will be overseen by the Proposal Trustee.
8. The SISP is a two-phase process with a Phase 1 Bid Deadline that requires the submission of a letter of intent and Phase 2 Bid Deadline that requires the submission of definitive

documents. The Phase 1 Bid Deadline is proposed to be November 4, 2022 and the Phase 2 Bid Deadline is proposed to be December 9, 2022.

9. Sugarbud believes that the proposed SISF will adequately expose the opportunity to invest in or purchase the assets of Sugarbud to the market and will maximize the value for all of the stakeholders of Sugarbud.

Administration Charge

10. There are a number of legal, financial and operational issues for which Sugarbud requires the services of the Administrative Professionals in the Consolidated Proposal Proceeding. The Administrative Professionals are integral to successfully developing a viable proposal, and in order to ensure their participation, the Administration Charge is required to protect and secure their fees and disbursements.
11. The Administrative Charge is reasonable and appropriate in the circumstances and critical to the success of Sugarbud's insolvency proceedings.

Interim Financing

12. Sugarbud is insolvent and unable to meet its obligations as they become due. Sugarbud requires interim financing to restart its operations and work towards filing a proposal to its creditors. Sugarbud's 13-Week Cash Flow Forecast (the "**Cash Flow Forecast**") shows that Sugarbud requires an immediate injection of funds to ensure its continued operations. The Cash Flow Forecast estimates that funds in the amount of approximately \$2,000,000 will be required to, among other things, (i) continue operations at the Facility; and (ii) pay the Administrative Professionals.
13. The Interim Lender is prepared to advance up to \$2,000,000 to Sugarbud in accordance with the terms of the Interim Financing Facility. The Interim Lender is prepared to advance the Interim Financing Facility to Sugarbud provided that the Interim Financing Charge is granted to protect the interests of the Interim Lender.
14. The Interim Lender's Charge is reasonable and appropriate in the circumstances and critical to the success of Sugarbud's insolvency proceedings.

Directors' Charge

15. The Directors' Charge is being sought as security for the indemnification obligations and potential liabilities that the Directors and Officers may face during the NOI Proceedings.

Sugarbud requires the continued participation of its current Directors and Officers and these personnel are essential to the viability of its restructuring efforts.

16. The Director's Charge is proposed to rank after the Interim Financing Charge and the Administration Charge.

KERP and KERP charge

17. Sugarbud has developed a key employee retention plan (a "**KERP**"), the terms and conditions of which are set out in the KERP which is attached as a Confidential Appendix to the First Report of the Trustee (the "**Confidential Appendix**"). The KERP provides incentives for the key employees to continue to work for Sugarbud in the unusual circumstances that it faces and align their interests with that of Sugarbud's stakeholders.
18. These key employees have been working and will continue to work with the objective of implementing the proposed restructuring even though their continued employment is uncertain.
19. In order to secure the aggregate amounts payable under the KERP, Sugarbud is seeking a charge (the "**KERP Charge**") to secure the amounts payable under the KERP. The KERP Charge is proposed to rank behind the Administration Charge the Interim Financing Charge, and the Directors' Charge.

Sealing Order

20. Sugarbud is seeking a sealing order that seals the personal and confidential employee information contained in the Confidential Appendix on the Court record.
21. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material of Evidence to be Relied On:

22. Affidavit of Daniel T. Wilson sworn on September 26, 2022, to be filed;
23. Bench Brief of Sugarbud to be filed;
24. First Report of the Proposal Trustee, to be filed; and

25. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

26. The *Alberta Rules of Court*, AR 124/2010, as amended.
27. The *Bankruptcy and Insolvency General Rules* (CRC, c 368)

Applicable Acts and Regulations

28. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, including, but not limited to, sections 50.4, 50.6, 64.2; and
29. Such further and other Acts and Regulations as counsel may advise and that this Honourable Court may permit.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

COURT FILE NUMBER:	25 - 095326 25 - 095328 25 - 095327
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE:	CALGARY
MATTER:	IN THE MATTER OF THE <i>BANKRUPTCY AND INSOLVENCY ACT</i> , R.S.C. 1985, c. B-3, AS AMENDED, AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SUGARBUD CRAFT GROWER CORP. AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF TRICHOME HOLDINGS CORP. AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1800905 ALBERTA LTD. SUGARBUD CRAFT GROWER CORP., TRICHOME HOLDINGS CORP., and 1800905 ALBERTA LTD.
APPLICANT	
DOCUMENT	SERVICE LIST
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	MLT AIKINS LLP Barristers & Solicitors 2100 Livingston Place – 222 3 rd Avenue SW Calgary, AB T2P 0B4 Attention: Ryan Zahara/Chris Nyberg Phone: 403.693.5420/2636 Facsimile: 403.508.4349 File: 0158011.000001

Updated September 26, 2022

PARTY	COUNSEL
<p>Sugarbud Craft Grower Corp. 610 – 634, 6th Avenue SW Calgary, Alberta T2P 0S4</p> <p>Sugarbud Craft Grower Corp. 5822 – 52nd Street Stavely, Alberta T0L 1Z0</p> <p>Dan Wilson Email: danw@sugarbud.ca</p> <p>Trichome Holdings Corp. #620, 634 – 6th Avenue SW Calgary, Alberta T2P 0S4</p> <p>1800905 Alberta Ltd. #620, 634 - 6th Avenue SW Calgary, Alberta T2P 0S4</p>	<p><i>Counsel for Sugarbud Craft Grower Corp., Trichome Holdings Corp. and 1800905 Alberta Ltd.</i></p> <p>MLT Aikins LLP 2100 – 222, 3th Avenue SW Calgary, Alberta T2P 0B4</p> <p>Ryan Zahara Email: rzahara@mltaikins.com</p> <p>Chris Nyberg Email: cnyberg@mltaikins.com</p> <p>Kyle Smith Email: ksmith@mltaikins.com</p> <p>Joy Mutuku Email: jmutuku@mltaikins.com</p>
<p>Alvarez & Marsal Canada Inc. Suite 1110, 250 6th Ave. S.W. Calgary, AB T2P 3H7</p> <p>Orest Konowalchuk Email: okonowalchuk@alvarezandmarsal.com</p> <p>Bryan Krol Email: bkrol@alvarezandmarsal.com</p> <p>Stephen Oosterbaan Email: soosterbaan@alvarezandmarsal.com</p>	<p><i>Counsel for Alvarez & Marsal Canada Inc.</i></p> <p>Burnet, Duckworth & Palmer LLP 525 8 Ave SW #2400, Calgary, Alberta T2P 1G1</p> <p>David LeGeyt Email: dlegeyt@bdplaw.com</p> <p>Ryan Algar Email: ralgar@bdplaw.com</p>
<p>Alberta Securities Commission Suite 600, 250–5th St. SW Calgary, Alberta, T2P 0R4</p> <p>Ellen Liu Email: Ellen.Liu@asc.ca</p>	

Canadian Natural Resources Limited, as Managing Partner 2100, 855 – 2 nd Street SW Calgary, Alberta T2P 4J8	<i>Analyst, Legal – Financial Operations for Canadian Natural Resources Limited</i> Jelena Molnar Email: jelena.molnar@cnrl.com
Canada Revenue Agency 220 4 th Avenue SE Calgary, Alberta T2G 0L1 Fax No.: 403.264.5843	
Connect First Credit Union 200, 2850 Sunridge Blvd NE, Calgary, Alberta T1Y 6G2 Ajibola (AJ) Omo-Loto Email: aomoloto@connectfirstcu.com Mercy Oduah Email: moduah@connectfirstcu.com	<i>Counsel for Connect First Credit Union</i> Dentons Canada LLP 15th Floor, Bankers Court, 850 - 2 nd Street SW Calgary, Alberta T2P 0R8 Naveed, Afshan Email: afshan.naveed@dentons.com
Connect First Credit Union Ltd. #510 - 16 th Avenue NE Calgary, Alberta T2E 1K4 Fax No.: 403.269.5118 Email: paprnotifications@connectfirstcu.com	
Computershare Trust Company of Canada, as Collateral Agent 600, 530 - 8 th Avenue SW Calgary, Alberta T2P 3S8 Email: corporatetrust.calgary@computershare.com Computershare Trust Company of Canada, as Collateral Agent 800, 324 - 8 th Avenue SW Calgary, Alberta T2P 2Z2 Email: corporatetrust.calgary@computershare.com	

Department of Justice Canada Prairie Regional Office – Calgary #510 – 606, 4 st SW Calgary, Alberta T2P 1T1	<i>Counsel Dept. of Justice Canada – Calgary</i> Jill Medhurst Email: Jill.Medhurst@justice.gc.ca
Ford Credit Canada Leasing PO Box 2400 Edmonton, Alberta T5J 5C7 Email: albertaprod@teranet.ca	
Grand HVAC Leasing Ltd. 200 - 3400 South Service Road Burlington, Ontario L7N 3T9 Email: khall@fdhlawyers.com	
Health Canada 161 Goldenrod Drwy Ottawa, ON K1A 0K9 Email: licensing-cannabis-licences@hc-sc.gc.ca/ar-cr@hs-sc.gc.ca	
Meridian OneCap Credit Corp. Suite 1500, 4710 Kingsway Burnaby, British Columbia V5H 4M2	
Odyssey Trust Company, as Collateral Agent 1230 - 300 5 th Avenue SW Calgary, Alberta T2P 3C4 Email: corptrust@odysseytrust.com	
Surrey National Verification and Collection Centre 9755 King George Boulevard Surrey, British Columbia V3T 5E1 Fax No.: 866.219.0311	

Salt Capital Inc. o/a Capital Now Cannabis #121, 234 - 5149 Country Hills Blvd NW Calgary, Alberta T3A 5K8 Email: accounting@capitalnow.ca	
Workers' Compensation Board/Collection Unit (WCB Account #8655145) 9912 - 107 th Street Edmonton, Alberta T5K 1G5 Fax No.: 780.498.7999	
Tritechca Inc. 2120 – 237, 4 th Avenue SW Calgary, Alberta T2P 4K3 Email: imran.rajput@tritechca.com	<i>Counsel for Tritechca Inc.</i> Patrick A. Trudel 2120 - 237 4 th Avenue SW Calgary, Alberta T2P 4K3 Email: ptrudel@caronpartners.com
Town of Stavely 5001 50th Ave. Box 249 Stavely, Alberta T0L 1Z0 Email: cao@stavely.ca	