

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, R.S.C. 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: **APPROVAL AND VESTING ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT: MLT AIKINS LLP
2100 Livingston Place
222 - 3rd Avenue S.W.
Calgary, AB T2P 0B4
Solicitor : Ryan Zahara
Phone Number: 403-693-5420
Email: rzahara@mltaikins.com
File No.: 0158011/00003



I hereby certify this to be a true copy of the original Order
Dated this 16 day of May 2023
Hermosa Goh
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: MAY 9, 2023

LOCATION OF HEARING OR TRIAL: CALGARY, ALBERTA

JUSTICE WHO MADE THIS ORDER: HONOURABLE JUSTICE C.J. FEASBY

UPON the application of Sugarbud Craft Growers Corp., Trichome Holdings Corp. and 1800905 Alberta Ltd. (collectively, the "**Applicants**") for an Order approving the sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement, as defined herein, appended to the Monitor's Fifth Report dated May 2, 2023 (the "**PSA**"), and which contemplates vesting in the purchaser, Connect First Credit Union Ltd. (or its nominee) (the "**Purchaser**") the Applicants' right, title and interest in and to the Purchased Assets (as hereinafter defined);

AND UPON having read the CCAA Initial Order granted October 18, 2022 (the "**Initial Order**"); the Application dated May 2, 2023; the Affidavit of Daniel T. Wilson sworn May 2, 2023

(the “**Sixth Wilson Affidavit**”); and the Fifth Report of the Monitor, Alvarez & Marsal Canada Inc.; **AND UPON** hearing counsel for the Applicants and all other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

DEFINED TERMS

2. Capitalized terms used herein but not otherwise defined shall have the same meaning as given to such terms in the Sixth Wilson Affidavit.

APPROVAL OF TRANSACTION

3. The PSA is hereby approved and execution of the PSA by the Applicants and the Monitor is hereby authorized and approved, with such minor amendments as the Applicants and the Monitor may deem necessary. The Applicants and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets (as defined below) to the Purchaser (or its nominee).

VESTING OF PROPERTY

4. In this Order, the purchased assets are the following:

PLAN 0812160

BLOCK 4

LOT 3

EXCEPTING THEREOUT ALL MINES AND MINERALS, AREA: 1.636 HECTARES
(4.04 ACRES) MORE OR LESS

and all Equipment set out in Schedule “A” of the PSA (collectively, the “**Purchased Assets**”).

5. Upon delivery of a Monitor's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Monitor's Closing Certificate**"), all of the Applicants' right, title and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Initial Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the Personal Property Security Act (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the Builders' Lien Act (Alberta); and
- (d) those Claims listed in **Schedule "B"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "C"** (collectively, "**Permitted Encumbrances**");

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting, or relating to the Purchased Assets are hereby expunged, discharged, and terminated as against the Purchased Assets.

6. Upon delivery of the Monitor's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Monitor's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge

statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

(a) the Registrar of Land Titles ("**Land Titles Registrar**") for the lands defined below shall and is hereby authorized, requested, and directed to forthwith:

(i) cancel existing Certificates of Title No. 141 344 707 for those lands and premises municipally described as 5822 – 52nd Street, Stavely, Alberta, and legally described as:

PLAN 0812160

BLOCK 4

LOT 3

EXCEPTING THEREOUT ALL MINES AND MINERALS, AREA: 1.636 HECTARES (4.04 ACRES) MORE OR LESS

(the "**Lands**"),

(ii) issue a new Certificate of Title for the Lands in the name of the nominee of the Purchaser, namely 1549081 Alberta Ltd.;

(iii) transfer to the New Certificate of Title the existing instruments listed in **Schedule "C"**, to this Order, and to issue and register against the New Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in **Schedule "C"**; and

(iv) discharge and expunge the Encumbrances listed in **Schedule "B"** to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the PSA against the existing Certificate of Title to the Lands;

7. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the PSA. Presentment of this Order and the Monitor's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but

excluding Permitted Encumbrances.

8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets from and after delivery of the Monitor's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Applicants shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court.
9. No authorization, approval, or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery, and performance by the Monitor of the PSA.
10. Upon delivery of the Monitor's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Monitor in its capacity as Monitor of the Applicants and not in its personal capacity.
11. Except as expressly provided for in the PSA, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Applicants.
12. Upon completion of the Transaction, the Applicants and all persons who claim by, through or under the Applicants in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall

stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

13. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Applicants, or any person claiming by, through or against the Applicants.
14. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Applicants or the Monitor in respect of the Purchased Assets.
15. The Monitor is directed to file with the Court a copy of the Monitor's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

MISCELLANEOUS MATTERS

16. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3, as amended (the "**BIA**"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it

constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

17. The Applicants, the Monitor, the Purchaser (or its nominee), and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
18. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.
19. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors.

and service on any other person is hereby dispensed with.

20. Service of this Order may be effected by facsimile, electronic mail, personal delivery, or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

A handwritten signature in black ink, appearing to be 'MS' with a flourish.

Justice of the Court of King's Bench of Alberta

Schedule "A"

Form of Monitor's Certificate

COURT FILE NUMBER	2201 - 11655	<div>Clerk's Stamp:</div>
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
MATTER	IN THE MATTER OF THE COMPANIES CREDITORS ARRANGEMENT ACT, R.S.C. 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:	MONITOR'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	MLT AIKINS LLP 2100 Livingston Place 222 - 3rd Avenue S.W. Calgary, AB T2P 0B4 Solicitor : Ryan Zahara Phone Number: 403-693-5420 Email: rzahara@mltaikins.com File No.: 0158011/00003	

RECITALS

1. Pursuant to an Order of the Court of King's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated **October 18, 2022**, Alvarez & Marsal Canada Inc. was appointed as the monitor (the "**Monitor**") of the undertakings, property and assets of the Applicants.
2. Pursuant to an Order of the Court dated **May 9, 2023**, the Court approved the agreement of purchase and sale of certain real and personal property of the Applicants (the "**PSA**") between the Applicants and Connect First Credit Union Ltd. (or its nominee) (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicants' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the

Purchased Assets and (ii) the Transaction has been completed to the satisfaction of the Monitor.

3. Unless otherwise indicated herein, capitalized terms have the meanings set out in the PSA:

THE MONITOR CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Applicants have received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the PSA; and
2. The Transaction has been completed to the satisfaction of the Monitor.
3. This Certificate was delivered by the Monitor at _____[Time] on _____[Date].

Alvarez & Marsal Canada Inc., in its capacity as Monitor of the undertakings, property and assets of the Applicants and not in its personal capacity.

Per: _____
Name: _____
Title: _____

Schedule “B”

Encumbrances

Instrument No.	Registration Date	Registration
201 104 947	10/06/2020	Mortgage
201 104 949	10/06/2020	Postponement
201 118 654	07/07/2020	Mortgage
201 125 288	20/07/2020	Postponement
211 021 281	25/01/2021	Amending Agreement
211 021 283	25/01/2021	Postponement
211 021 284	25/01/2021	Postponement
221 006 541	13/01/2022	Amending Agreement
221 006 543	13/01/2022	Postponement
221 006 544	13/01/2022	Postponement
221 083 817	23/04/2022	Amending Agreement
221 083 818	23/04/2022	Caveat
221 083 819	23/04/2022	Postponement
221 083 820	23/04/2022	Postponement
231 024 734	25/01/2023	Mortgage
231 024 735	25/01/2023	Postponement
231 115 225	18/04/2023	Amending Agreement

Schedule “C”

Permitted Encumbrances

1. Capitalized terms in this Schedule C have the meaning ascribed to them in the PSA.
2. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown, including, without limitation, the reservation of any mines and minerals in the Crown or in any other person and any implied conditions set out in s.61 of the Land Titles Act (Alberta) as amended, replaced or restated from time to time;
3. Encumbrances given as security to a public utility or any Governmental Authority when required in the ordinary course of business but only insofar as they relate to any obligations or amounts not due as at the Closing Date;
4. All rights reserved to or vested in any Governmental Authority pursuant to Applicable Law to control or regulate the Lands in any manner, including any unregistered, undetermined or inchoate liens, levies or claims in favour of the Crown, any province or municipality or any Governmental Authority;
5. Rights of expropriation, access or use or any similar right conferred or reserved by or in any statute of Alberta or Canada;
6. Applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, servicing agreements, cost sharing reciprocal agreements and building and zoning restrictions and other similar agreements;
7. Any easements, servitudes, rights-of-way, licences, agreements, restrictions that run with the land (including easements, rights-of-way and agreements for railways, sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
8. The following specific instruments registered against the title(s) to the Lands:

<u>Instrument Number</u>	<u>Particulars</u>
751 035 480	Utility Right of Way
191 169 775	Caveat