

Province: British Columbia
Division No. 03 - Vancouver
Court No. **8-240183**
Estate No. 11-3052361



**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GOOD BUDS COMPANY INC.
OF THE COMMUNITY OF SALT SPRING ISLAND, PROVINCE OF BRITISH COLUMBIA**

CROWE MACKAY & COMPANY LTD., PROPOSAL TRUSTEE

FIRST REPORT TO COURT

March 25, 2024

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I. INTRODUCTION

1. On March 6, 2024 (the "**Filing Date**"), Good Buds Company Inc. ("**GBCI**" or the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and the Insolvency Act* R.S.C.1985, c. B-3 (the "**BIA**") and Crowe MacKay and Company Ltd. ("**CMCO**") consented to act as Trustee under the Proposal (the "**Proposal Trustee**").
2. Pursuant to section 50.4(8) of the BIA, the initial stay period in the proposal proceedings is from March 6, 2024 to April 5, 2024 (the "**Initial Stay Period**").
3. A copy of the Certificate of Filing of the NOI issued by the Office of the Superintendent of Bankruptcy ("**OSB**") is attached hereto as **Appendix "A"**.

II. PURPOSE OF REPORT

4. The purpose of this report by the Proposal Trustee (the "**First Report**") is to provide this Honourable Court and the Company's stakeholders with:
 - a. information regarding the Company's current operations and certain matters relating thereto;
 - b. the Company's cash flow projection for the 13-week period from March 6, 2024 to May 31, 2024 (the "**Cash Flow Projections**") attached hereto as **Appendix "B"**; and
 - c. the Proposal Trustee's recommendations with respect to the Company's applications to this Honourable Court for an Order authorizing and approving an extension of time for filing the Proposal for an additional 45 days from April 6, 2024 to May 20, 2024.

III. TERMS OF REFERENCE

5. In preparing this First Report, the Proposal Trustee has necessarily relied upon unaudited financial and other information provided by the Company, the Company's books and records, and discussions with management of the Company, namely Mr. Eugene Migus, CPA, CA, CIRP and Mr. Eric Tyler Rumi ("**Management**") (collectively, the "**Information**").
6. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Proposal Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information used to prepare this First Report.

7. Certain of the information referred to in this First Report consists of financial forecasts and/or projections prepared by the Company. An examination or review of the financial forecasts/projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed by the Proposal Trustee. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions of future events and conditions that are not ascertainable, actual results may vary and the variations could be material.
8. Unless otherwise stated, all dollar amounts referenced herein are expressed in Canadian dollars.

IV. COMPANY BACKGROUND AND OPERATIONS

9. The Company was incorporated in the province of British Columbia on January 6, 2017. GBCI operates an organic cannabis farm on Salt Spring Island, British Columbia as part of a vertically integrated cannabis operation which produces, markets and sells various high-quality cannabis products. GBCI grows cannabis in both indoor and outdoor growing space at its farm on Salt Spring Island.
10. GBCI holds a federal license (the "**Cannabis License**") issued by Health Canada related to the cultivation, processing and sale of cannabis and cannabis related products in Canada. GBCI's Cannabis License is valid to May 13, 2027.
11. GBCI also holds license issued by CRA pursuant to the Excise Act, 2001 (the "**Excise License**") which is valid to April 30, 2027.
12. Mr. Eric Tyler Rumi is the Company's director.

V. FINANCIAL DIFFICULTIES AND CAUSES OF INSOLVENCY

13. Management has identified several issues that have led to GBCI's solvency issues. In summary these issues include but are not necessarily limited to:
 - a. High tax and regulatory costs and, in particular, the method that the federal government uses to apply excise taxes to the Licensed Producers in Canada, such as GBCI
 - b. Current oversupply of industry capacity / production resulting in substantial competition which has put downward pressure on sale prices;
 - c. Entrenched black market continuing to compete with the new legal cannabis market;
 - d. Provincial wholesale monopolies charging additional mark-ups and fees;

- e. Significant start up challenges related to being in a new, highly regulated and capital-intensive industry;
 - f. Limited banking options and difficulty obtaining financing.
14. Presently, Canada's excise taxes on dried cannabis stand at \$1 per gram or 10% of the value of the gram; whichever is greater. It is apparent that the \$1 per gram calculation was based on an idealized value of a dried gram being \$10. However, the current oversupply of cannabis in the market has resulted in the value of a dried gram of cannabis being reduced to \$3.50 or less. Accordingly, at \$1/gram (per the above "greater of" calculation) the excise tax amounts to a levy of 29% or more.
 15. To summarize the above, GBCI is involved in a new, highly regulated and competitive industry which requires substantial and ongoing capital and operating expenditures in order to grow and acquire market share at the same time that it is incurring substantial cash outflows, or otherwise accruing substantial liabilities, related to the excise tax and regulatory regimes.
 16. Indeed, GBCI is not alone in these issues. The Proposal Trustee's research indicates that of Canada's approximately 300 Licensed Cannabis Producers, approximately 70% are in arrears to the Canada Revenue Agency ("**CRA**") for excise taxes. As at December 2023, the excise tax arrears owing by Canada's Licensed Producers to CRA was \$273M; an increase of approximately 72% from the same period prior year.
 17. GBCI owes approximately \$3.3M in excise tax arrears (the "**Excise Tax Arrears**") to the CRA.
 18. It is apparent that the Canadian Federal Government recognizes the above structural issues facing the cannabis industry. Research indicates that Canada's House of Commons Standing Committee on Finance has recommended a change in how cannabis is taxed. The suggested tax change would see the excise tax rate changed from the current method of calculation (discussed above) to a "10% ad valorem" charge based on the wholesale selling price of cannabis. Management has indicated that they welcome this potential change which would greatly improve liquidity.
 19. At the same time, CRA has started to take more aggressive collection action to collect the ever-increasing excise tax arrears by issuing Requirements to Pay ("**RTP**") to the various provincial government owned wholesalers. This, of course, has further exacerbated liquidity issues facing the Licensed Producers.
 20. Management advised the Proposal Trustee that two of its main customers, the British Columbia Liquor Distribution Branch (the "**BCLDB**") and the Alberta Gaming, Liquor and Cannabis (the "**AGLC**") had received RTP's from CRA pursuant to the Excise Tax Arrears. The RTP's required the BCLDB and the AGLC to garnish the payments made to the Company at a rate of 30% which further negatively affected the Company's liquidity. The

RTP's were stayed upon the filing of the NOI and the full amounts are being remitted to the Company during the Initial Stay Period.

21. Accordingly, Management determined that the Company was insolvent, faced an impending liquidity crisis, and was unable to meet its obligations as they generally became due. On or around February 29, 2024, the directors passed a resolution to file the NOI under Form 33 pursuant to section 50.4(1) of the BIA, with CMCO acting as Proposal Trustee.

VI. ASSETS AND LIABILITIES OF THE COMPANY

22. The Proposal Trustee has not been able to conduct a detailed assessment of the Company's assets and liabilities at the date of this First Report. The below information was prepared based on preliminary information provided by Management and is subject to change. A more detailed assessment will be conducted by the Proposal Trustee over the course of its administration and will be presented to the stakeholders in its report to consider the Proposal once filed.

23. Below is a summary of the Company's assets and liabilities as at January 31, 2024 which has been prepared using the Company's internal financial statements as prepared by Management:

Balance Sheet as at January 31, 2024

		LIABILITIES AND EQUITY	
		CURRENT	
	<u>Jan-24</u>	Accounts payable	\$ 485,151
		Current portion of long term debt	8,414
		Short term debt	60,000
		Due to government agencies	<u>3,248,611</u>
			3,802,176
ASSETS		INTERCOMPANY PAYABLE	7,149,777
CURRENT		LONG TERM DEBT	<u>1</u>
Cash	\$ 101,669		10,951,954
Accounts receivable	154,776	EQUITY	
Inventory	957,234	Share capital	1
Biological assets	201,367	Contribution of capital	5,619,853
Income taxes recoverable	95,950	Deficit	(9,974,079)
Prepaid expenses	<u>71,783</u>	Rounding	<u>(20,001)</u>
	1,582,779		(4,374,226)
LONG TERM INVESTMENTS			<u>\$ 6,577,728</u>
INTERCOMPANY RECEIVABLE			
PROPERTY PLANT & EQUIPMENT	4,994,949		
	<u>\$ 6,577,728</u>		

ASSETS

Cash

24. Per the Cash Flow Projection Management advised that the opening cash balance as at the Filing Date was \$5,079.

Trade Accounts Receivable

25. Management advised that the accounts receivable balances primarily relate to amounts owing by AGLC and BCLDB. Management advises that these amounts are considered collectable.

Inventory and Biological Assets

26. Inventory consists of packaged, bulk and in-process cannabis and cannabis products, and non-cannabis materials and supplies. Biological assets consist of seeds and live cannabis plants.

Property, Plant and Equipment

27. Property, plant and equipment consist of land, building, improvements including green house building, growing and processing equipment, and security system.

LIABILITIES

28. The table below summarizes the Company's liabilities as at the Filing Date.

Creditor	Nature of Debt	As at March 6, 2024
John Deere Financial	Secured (PMSI)	1,135.10
Bodkin	Secured (PMSI)	3,369.95
Farm Credit Canada	Secured	2,260,391.61
Eric Tyler Rumi	Secured	93,212.71
Eric Maurice Tyler & Suzanne Edith Rumi	Secured	2,015,310.24
907282 Ontario Inc.	Secured	148,012.13
Lucas Alexander Rumi	Secured	1,032.88
Total Secured		4,522,464.62
Good Buds Company International	Unsecured	10,564,888.54
Receiver General for Canada - Excise	Unsecured	3,197,532.18
Other Unsecured Creditors	Unsecured	529,441.26
Total Unsecured		14,291,861.98
Total Debt		18,814,326.60

*PMSI – Purchase Money Security Interest

29. *Since the Filing Date, Management subsequently advised that \$5.79M of the \$10.56M balance owing to Good Buds Company International Inc. ("GBCII") was contributed on account of equity and is shown as "Contribution of Capital" on the Company's balance sheet. Management further advised that the \$2.26M balance owing to Farm Credit Canada is consolidated within the debt balance owing to the parent company GBCII. Accordingly, the remaining balance of \$2.51M (= \$10.56M less 5.79M less \$2.26M) is the unsecured balance owing to GBCII.*

Statutory Liabilities and Deemed Trusts

30. Management advises that the Company uses a third-party payroll service provider and is current with its Employee Source Deduction ("ESD") remittances to CRA. Ultimately, this is subject to a trust examination by CRA. Amounts due to CRA for ESD rank as a deemed trust claim ahead of all creditors.
31. As at the Filing Date, Management advised that the Company employed approximately 29 employees. Management advised that all wages are current. Employees may be entitled to a secured claim for wages and vacation due within 6-months of the Filing Date pursuant to section 136(d) of the BIA to a maximum of \$2,000 per employee with any such additional arrears constituting a preferred claim. As GBCI continues to maintain employment for these employees, the Proposal Trustee has not sought to administer claims pursuant to the Wage Earner Protection Program Act ("WEPPA").

Secured Creditors

Farm Credit Canada

32. Farm Credit Canada ("FCC") has a first in time security registration under the British Columbia Personal Property Security Registry ("PPSR") against all present and after-acquired property of GBCI ("AIPPAAP") dated April 12, 2021. On or about January 25, 2023, FCC issued demand letters to the Company. Thereafter, the Company entered into a Forbearance Agreement with FCC which recently was terminated on March 6, 2024. Management advises that the outstanding balance owing to FCC is approximately \$2.26M.

Rumi Family and 907282 Ontario Inc.

33. Various members of the Rumi family including: Eric Tyler Rumi, Eric Maurice Rumi, Suzanne Edith Rumi, Lucas Alexander Rumi, as well as another Rumi family entity called 907282 Ontario Inc. (collectively the "**Rumi Family Secured Creditors**") have registered AIPPAAP security charges against GBCI in the PPSR which are subordinate to FCC. The Rumi Family Secured Creditors are related parties to the Company and collectively are owed approximately \$2.26M.

Purchase Money Security Interests ("PMSI")

34. Bodkin Leasing Corporation and John Deere Financial have registered PMSI on various equipment. Per Management both of these loan and lease agreements with these parties are near the end of their terms and with the final monthly payments expected to be made in March 2024 and April 2024 respectively.
35. The Proposal Trustee has not sought an independent legal opinion as to the validity and enforceability of the above registered security interests, however nothing has come to the Proposal Trustee's attention which causes it to believe otherwise.

Unsecured Creditors

Preferred Creditors

36. Other than potential preferred claims of the employees, the Proposal Trustee is not aware of any other parties who may hold a preferred claim pursuant to Section 136 of the BIA.

General Body of Unsecured Creditors ("GBUS")

37. According to Management, the GBUS are owed approximately \$6.21M in total. This balance includes the \$2.51M owing to GBCII.
38. It also includes CRA's claim for Excise Tax Arrears is approximately \$3.2M and was the subject of the RTP's recently issued by CRA. As noted above, these RTP's were stayed by the filing of the NOI.
39. Management advises that the remaining GBUS are owed approximately \$529K.

VII. ACTIVITIES OF THE PROPOSAL TRUSTEE

40. Since the Filing Date, the Proposal Trustee has conducted the following activities which include, but are not necessarily limited to:
 - a. advised Management as to its obligations during the NOI proceedings, the stay of proceedings that is now in effect and the requirement to clearly delineate amounts owing to suppliers / creditors between the pre and post – NOI periods;
 - b. on or about March 7, 2024 sent, by mail, the initial notice to all known creditors and employees with claims of greater than \$250 notifying them of the NOI proceedings pursuant to section 50.4(6) of the BIA, a copy of which is hereto attached as **Appendix "C"**;
 - c. posted the NOI notice on the Proposal Trustee's website: crowemackayco.ca;

- d. following receipt of the Certificate of Filing of the NOI from the OSB, given the detrimental impact that the RTP's were inflicting on the Company's liquidity, the Proposal Trustee immediately contacted CRA, BCLDB and AGLC to advise of the filing of the NOI and directed that the RTP's were now stayed. All of the above were cooperative and funds that were about to be remitted to CRA were re-directed to GBCI;
- e. the Proposal Trustee assisted Management in preparing and filing a Cash Flow Projection for the 13-week period from March 6, 2024 to May 31, 2024 which, together with assumptions, was filed with the Office of Superintendent of Bankruptcy on March 15, 2024 in accordance with section 50.4(2) of the BIA;
- f. held discussions with Management related to formulating GBCI's proposal;
- g. held discussions with Management and GBCI's legal counsel relating to the NOI and seeking an extension to the Initial Stay Period;
- h. ongoing monitoring of the Company's actual cash flow relative to the Cash Flow Projection; and
- i. drafted this First Report.

VIII. 13-WEEK CASH FLOW FORECAST TO MAY 31, 2024

- 41. The Company, with assistance of the Proposal Trustee, prepared the Cash Flow Projection for the period March 6, 2024 to May 31, 2024.
- 42. Based on the Cash Flow Projection and the accompanying underlying assumptions, it is believed that the Company will have sufficient funds to operate during the Initial Stay Period along with the period covered by the Extension (as defined below) if approved by this Honourable Court.

IX. PROJECTED VS. ACTUAL CASH FLOWS

43. The Proposal Trustee and the Company prepared an actual to budget cash flow analysis ("Actual Cash Flows") for the period up to March 15, 2024:

	March 6, 2024 to March 15, 2024		
	Budget	Actual	Variance
RECEIPTS			
Customer receipts	\$ 239,168	\$ 140,174	\$ (98,994)
Other receipts	\$ -	-	-
TOTAL RECEIPTS	239,168	140,174	(98,994)
DISBURSEMENTS			
Bank charges and debt servicing	999	4,517	(3,518)
Excise duty	-	-	-
GST	-	-	-
Hydro	-	-	-
Insurance	6,420	6,420	-
Payroll	62,487	60,036	2,451
Proposal/NOI costs	-	-	-
Supplier payments	43,585	12,156	31,429
Subtotal	113,491	83,129	30,362
Paid by credit card	17,362	(13,419)	(3,943)
Payments against credit card	3,507	16,049	(12,542)
TOTAL DISBURSEMENTS	99,635	85,759	13,876
NET CHANGE	139,533	54,415	(85,118)
Cash, beginning	5,079	5,079	-
Cash, ending	\$ 144,612	\$ 59,494	(85,118)

44. The Proposal Trustee has reviewed the Actual Cash Flows and discussed the Company's ongoing operations with Management. The Proposal Trustee is not aware of any material variances between the Actual Cash Flows and the 13-Week Cash Flow nor is the Proposal Trustee aware of any matters that may otherwise be considered a material adverse change. The Proposal Trustee has noted the following non-material and/or non-adverse variances from the Projected Cash Flows:

- a. cash collections from sales are \$98,994 less than projected as a result of timing differences. Management advised that the Company received a \$124,841 deposit on March 18, 2024 which was expected in the most recent week of the reporting period.
- b. cash disbursements for supplier expenses are \$31,429 less than projected, largely as a result of a timing difference on payments.

X. EXTENSION OF STAY PERIOD

45. The Initial Stay of Period is set to expire on April 5, 2024. The Company seeks an extension of the stay of proceedings to May 20, 2024 pursuant to section 50.4(9) of the BIA (the "Extension") to provide the Company with the time required to stabilize its

operations and to formulate a restructuring plan. If the Extension is not granted, the Company will not be able to file a proposal within the period and will be deemed bankrupt.

46. It should be noted that, in the event of the Company's bankruptcy wherein the Cannabis and Excise Licenses would likely be terminated, it is uncertain whether a bankruptcy Trustee would be legally able to realize on the cannabis inventory and may result in the cannabis inventory having to be destroyed. It would also result in, among other issues, the termination of employment for all 29 employees and the closure of the business.
47. The Proposal Trustee considered the following factors regarding the Extension:
- a. the Company continues to work with the Proposal Trustee to develop a proposal;
 - b. the Company is acting in good faith and with due diligence;
 - c. the Company would likely be able to make a viable proposal if the Extension were to be granted; and
 - d. no creditor in these proceedings is materially prejudiced if the Extension were to be granted.
48. It is the Proposal Trustee's view that, to date, the Company has been acting in good faith and with due diligence in this matter, and that no creditor will be materially prejudiced by the requested Extension.
49. Based on the 13 Week Cash Flow Projection prepared by Management, the Company will be able to sustain operations during the Initial Stay Period and the Extension.

XI. PROPOSAL TRUSTEE'S RECOMMENDATION


50. Based on the current information made available by Management, the Proposal Trustee supports the Company's application for approval of the Extension because additional time is needed in order for the Company to formulate a viable proposal to its creditors. Accordingly, the Proposal Trustee respectfully recommends that this Honourable Court grant an Order for the relief sought by the Company.

DATED AT the City of Vancouver, in the Province of British Columbia, this 25th day of March 2024.

Crowe MacKay & Company Ltd.

in its capacity as Licensed Insolvency Trustee of the Proposal of
Good Buds Company Inc. and not in its personal capacity

Per:


Mr. Jonathan McNair, CPA, CA, CIRP, LIT
(Chartered Insolvency & Restructuring Professional)


Mr. Tetsu Takagaki, CPA

Appendix - "A"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia
Division No. 03 - Vancouver
Court No. 11-3052361
Estate No. 11-3052361

In the Matter of the Notice of Intention to make a proposal of:

Good Buds Company Inc.

Insolvent Person

CROWE MACKAY & COMPANY LTD

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 06, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 06, 2024, 16:29

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

Appendix - "B"

In the Matter of the Notice of Intention to File a Proposal of Good Buds Company Inc.
 For the period of March 6, 2024 to May 31, 2024
 Cash Flow Projections

	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL
	8-Mar-24	15-Mar-24	22-Mar-24	29-Mar-24	5-Apr-24	12-Apr-24	19-Apr-24	26-Apr-24	3-May-24	10-May-24	17-May-24	24-May-24	31-May-24	
RECEIPTS														
Customer receipts	2	\$ 115,587	\$ 123,580	\$ 86,560	\$ 24,149	\$ 77,906	\$ 90,149	\$ 90,149	\$ 90,149	\$ 90,149	\$ 90,149	\$ 90,149	\$ 90,149	\$ 1,148,975
Other receipts														
TOTAL RECEIPTS		115,587	123,580	86,560	24,149	77,906	90,149	90,149	90,149	90,149	90,149	90,149	90,149	1,148,975
DISBURSEMENTS														
Bank charges and debt servicing	3	999	3,796	539	10,080	569	400	539	10,080	400	400	539	539	27,942
Excise duty	4	-	-	-	-	-	-	-	80,381	-	-	-	100,927	181,308
GST	4	-	-	-	-	-	-	-	7,236	-	-	-	-	7,236
Hydro		-	8,626	-	-	-	-	11,000	-	-	-	11,000	-	30,626
Insurance		6,420	-	-	-	6,420	-	-	-	6,420	-	-	-	19,260
Payroll	5	62,487	-	65,000	7,545	65,155	4,600	65,000	2,500	54,487	-	56,332	-	383,106
Proposal/NOI costs	7	-	-	25,000	-	30,000	-	15,000	-	-	-	10,000	-	80,000
Supplier payments	6	5,609	37,975	39,975	36,895	26,183	36,100	60,688	30,959	25,600	27,200	35,600	25,600	413,984
Subtotal		5,609	107,881	77,397	132,434	43,808	108,244	65,688	122,498	125,797	81,687	42,420	102,932	127,066
Paid by credit card	8	(884)	(16,478)	(500)	(10,901)	(500)	(17,220)	(500)	(10,800)	(601)	(10,800)	(6,920)	(10,800)	(87,504)
Payments against credit card	8	-	3,507	16,478	500	10,901	500	17,220	500	10,800	601	10,800	6,920	89,526
TOTAL DISBURSEMENTS		4,725	94,910	93,375	122,034	54,209	91,524	82,408	112,198	135,997	71,488	46,300	99,052	1,145,484
NET CHANGE		110,862	28,670	(6,814)	(97,885)	23,697	(1,375)	7,741	(22,049)	(45,848)	18,661	43,849	(8,903)	(47,117)
Cash, beginning		5,079	115,942	144,612	162,797	54,913	78,610	77,235	84,976	52,927	7,080	25,741	69,580	60,687
Cash, ending		\$ 115,942	\$ 144,612	\$ 137,797	\$ 64,913	\$ 78,610	\$ 77,235	\$ 84,976	\$ 62,927	\$ 7,080	\$ 25,741	\$ 69,590	\$ 60,687	\$ 13,570

Top

Good Buds Company Inc.

This statement of projected cash flow of Good Buds Company Inc. was prepared in accordance with Paragraph 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report.

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Crowe Mackay & Company Ltd.
 in its capacity as Trustee under the
 Notice of Intention to Make a Proposal
 of Good Buds Company Inc. and not in
 its personal capacity

- Creditor Mailing List -

In the Matter of the Proposal of
 Good Buds Company Inc.
 of the Community of Salt Spring Island, in the Province of British Columbia
 Crowe MacKay & Company Ltd., Trustee

This is Exhibit A referred to in the
 affidavit of Josephine Fong
 sworn before me at Vancouver
 this 7 day of March 2024

Creditor Type	Name	Attention	Address	A Commissioner for taking Affidavits For British Columbia
Director	Eric Tyler Rumi		1867 North End Road Salt Spring Island BC V3K 1C9	JONATHAN McNAIR A Commissioner for Oaths in and for the Province of British Columbia Expiry date: June 30, 2024
Official Receiver	Office of the Superintendent of Bankruptcy		#1900 - 300 West Georgia Street Vancouver BC V6B 6E7	
Secured	907282 Ontario Inc.		c/o 3 Atkins Avenue Toronto ON M6K 1V9	
	Bodkin a division of Bennington Financial Corp.		102-1465 North Service Road East Oakville ON L6H 1A7	
	Fairlead Consulting		2711 Goldstream Crescent Coquitlam BC V3C 5G6	
	Farm Credit Canada		100 - 120 Research Lane Guelph ON N1G 0B5	
	Good Buds Company International Inc.		1867 North End Road Salt Spring Island BC V8K 1C9	
	John Deere		3430 Superior Court Oakville ON L6L 0C4	
	Rumi, Eric and Suzanne		c/o 3 Atkins Avenue Toronto ON M6K 1V9	
	Rumi, Tyler		c/o 3 Atkins Avenue Toronto ON M6K 1V9	
Unsecured	420 Premium Markets Ltd.		201, 255 17th Avenue SW Calgary AB T2S 2T8	
	Aelius LED		2601 Belisle Drive, Unit 4 Val Caron ON P3N 0A7	
	AirMed Canada Systems Inc		301-780 Kings Road Victoria BC V8T 5A2	
	Bank of Montreal		116 Fulford-Ganges Rd Salt Spring Island BC V8K 2S4	
	BC Cannabis Inc.		6799 West Coast Road Sooke BC V9Z 1H5	
	BC Hydro (Acct #000010296873)		P.O. Box 9501 STN Terminal Vancouver BC V6B 4N1	
	Blueleaf Logistics		Unit 100, 819 Cliveden Place Delta BC V3M 6C7	
	Boomer Logistics Corporation		115 Miranda Avenue York ON M6B 3W8	
	Canadian Linen		947 North Park Street Victoria BC V8T 1C5	
	CRA - GST/HST - Vancouver	Pacific Insolvency Intake Centre	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	
	Davies Maintenance		344 Epron Rd Salt Spring Island BC V8K 1C7	
	Fresco Refrigeration Ltd.		156 Mansell Road Salt Spring Island BC V8K 1P9	
	Great Little Box Company		748 Market Street Victoria BC V8T 5K5	

- Creditor Mailing List -

In the Matter of the Proposal of
Good Buds Company Inc.
of the Community of Salt Spring Island, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

Creditor Type	Name	Attention	Address
Unsecured	Health Canada-Receiver General		161 Goldenrod Drwy Ottawa ON K1A 0K9
	Intact Insurance Company		700 University Avenue, Suite 1500A Toronto ON M5G 0A1
	Mercari Agency Limited		300 - 192 Spadina Avenue Toronto ON M5T 2C2
	Ministry of Finance - PST - British Columbia		Station Provincial Government PO Box 9445 Victoria BC V8W 9V5
	Pest Control Services		221 Donore Road Salt Spring Island BC V8K 2H4
	Quality Analytical Services		Unit A43, 64089 393 Avenue East Okotoks AB T1S 0L1
	QualityBox		4555 Hillbank Road Duncan BC V9L 6M2
	Receiver General for Canada- Excise		PO Box 3800 Stn. A Sudbury ON P3A 0C3
	Rumi, Alex		41 Melbourne Street Hamilton ON L8P 2A5
	Rumi, Tyler		c/o 3 Atkins Avenue Toronto ON M6K 1V9
	Sage		13888 Wireless Way, Suite 120 Richmond BC V6V 0A3
	Salt Spring Water Co		P.O. Box 767 Salt Spring Island BC V8K 2W3
	Saskatchewan Liquor & Gaming Authority		500 Victoria Ave Regina SK S4P 3M3
	Shaw Cable Systems - Vancouver	Payment Solutions	900-1067 W Cordova St Vancouver BC V6C 3T5
	ULINE		Box 3500, RPO Streetsville Mississauga ON L5M 0S8
WorkSafe BC		PO Box 5350 Stn. Terminal Vancouver BC V6B 5L5	



Government
of Canada

Gouvernement
du Canada

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Update filing - update is confirmed

Welcome [josephine_fong](#) | [Preferences](#) | [E-Filing helpdesk](#) | [Instructions](#) | [Logout](#)

Estate Information

Please Note: The following estate(s) were updated:

- **Estate Number:** 11-3052361
- **Estate Name:** Good Buds Company Inc.

Document(s) submitted

The following document(s) have been successfully submitted

- Notice to Creditors - NOI

Reference

- The Reference Number for this transaction is: **22075596**.
- Submitted by josephine fong.
- 2024-03-07 13:34 EST

[Submit another document for this estate.](#)

If you would like to submit a document against a different estate, please click on the **Update** link in the left hand side menu.

Date modified: 2023-12-13



Crowe MacKay & Company Ltd.

Licensed Insolvency Trustee

Main (604) 689 3928

Toll Free 1 (844) 887 DEBT (3328)

Fax (604) 687 5617

www.crowemackayco.ca

March 6, 2024

To: The Creditors of Good Buds Company Inc. (the "Company")

The Company filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* ("BIA") on March 6, 2024 and Crowe MacKay & Company Ltd. (the "Trustee") was named Proposal Trustee for the Company. Enclosed for your records is a copy of the NOI and the List of Creditors. As the Trustee, we would like to take this opportunity to address some issues and perhaps answer some questions that you may have.

The Company has NOT filed for Bankruptcy nor is the Company in Receivership.

The Company remains under the control of management. The NOI creates a stay of proceedings and allows the Company a period of up to thirty days to prepare and file a Proposal to its creditors unless the period is extended by the Court upon application by the Company. During this period, the Trustee will monitor the business of the Company and assist the Company in preparing its Proposal.

All amounts owed by the Company as at the date of the NOI will be dealt with as part of the Proposal to be filed by the Company. The Company is continuing to operate as usual during the NOI period. Pursuant to Section 65.1 of the BIA, no person may terminate or amend any agreement, including a security agreement, with the Company, or claim an accelerated payment, or a forfeiture of the term, under any agreement, including a security agreement, with the Company by reason only that the insolvent person is insolvent or a NOI or Proposal has been filed. Further, pursuant to section 69.(1)(a), on the filing of a NOI no creditor has any remedy against the insolvent person or the insolvent persons property, or shall commence or continue any action, execution or other proceedings for the recovery of a claim provable in bankruptcy.

Filing a Claim

At this time, you do NOT need to file a Proof of Claim or report any discrepancies concerning the amount reported as owing to you by the Company as stated on the List of Creditors enclosed. You will receive a Proof of Claim form to complete and file with the Trustee after the Company has filed its Proposal or if the Company is deemed bankrupt. All proven creditors will have the opportunity to vote on the Proposal in person or by mail at a creditor's meeting to be held approximately three weeks after the Proposal is filed.

The Trustee will be providing updates with respect to the status of this proceeding on its website (www.crowemackayco.ca) under 'recent engagements'.

If you have any questions, please contact Mr. Jonathan McNair at 604-635-4719 / jonathan.mcnair@crowemackay.ca or Mr. Tetsu Takagaki at 604-697-5298 / tetsu.takagaki@crowemackay.ca.

Yours very truly,

CROWE MACKAY & COMPANY LTD.

in its capacity as Proposal Trustee in the Notice of Intention to Make a Proposal for Good Buds Company Inc. and not in its personal capacity

per:

Jonathan McNair, CPA, CA, CIRP, LIT

Encl.

JONATHAN McNAIR
A Commissioner for Oaths in and
for the Province of British Columbia
Expiry date: June 30, 2024

This is Exhibit B referred to in the affidavit of Josephine Foas sworn before me at Vancouver this 7 day of March 2024

A Commissioner for taking Affidavits For British Columbia



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia
Division No. 03 - Vancouver
Court No. 11-3052361
Estate No. 11-3052361

In the Matter of the Notice of Intention to make a proposal of:

Good Buds Company Inc.

Insolvent Person

CROWE MACKAY & COMPANY LTD

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 06, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 06, 2024, 16:29

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Good Buds Company Inc.
of the Community of Salt Spring Island, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

Take notice that:

1. I, Good Buds Company Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Crowe MacKay & Company Ltd. of 1100 - 1177 West Hastings Street, Vancouver, BC, V6E 4T5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Vancouver in the Province of British Columbia, this 29th day of February 2024.



Good Buds Company Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Good Buds Company Inc.
 of the Community of Salt Spring Island, in the Province of British Columbia
 Crowe MacKay & Company Ltd., Trustee

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
420 Premium Markets Ltd.	201, 255 17th Avenue SW Calgary AB T2S 2T8		2,979.20
907282 Ontario Inc.	c/o 3 Alkins Avenue Toronto ON M6K 1V9		148,012.13
Aelius LED	2601 Belisle Drive, Unit 4 Val Caron ON P3N 0A7		177,615.23
AirMed Canada Systems Inc	301-780 Kings Road Victoria BC V8T 5A2		2,800.00
Bank of Montreal	116 Fulford-Ganges Rd Salt Spring Island BC V8K 2S4		60,000.00
BC Cannabis Inc.	6799 West Coast Road Sooke BC V9Z 1H5		186,053.09
BC Hydro (Acct #000010296873)	P.O. Box 9501 STN Terminal Vancouver BC V6B 4N1		8,625.69
Blueleaf Logistics	Unit 100, 819 Cliveden Place Delta BC V3M 6C7		1,323.20
Bodkin a division of Bennington Financial Corp.	102-1465 North Service Road East Oakville ON L6H 1A7		3,369.95
Boomer Logistics Corporation	115 Miranda Avenue York ON M6B 3W8		859.95
Canadian Linen	947 North Park Street Victoria BC V8T 1C5		2,087.25
CRA - GST/HST - Vancouver Pacific Insolvency Intake Centre	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1		5,440.33
Davies Maintenance	344 Epron Rd Salt Spring Island BC V8K 1C7		280.00
Fairlead Consulting	2711 Goldstream Crescent Coquitlam BC V3C 5G6		13,676.51

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Good Buds Company Inc.
 of the Community of Salt Spring Island, in the Province of British Columbia
 Crowe MacKay & Company Ltd., Trustee

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Farm Credit Canada	100 - 120 Research Lane Guelph ON N1G 0B5		2,260,391.61
Fresco Refrigeration Ltd.	156 Mansell Road Salt Spring Island BC V8K 1P9		1,999.35
Good Buds Company International Inc.	1867 North End Road Salt Spring Island BC V8K 1C9		10,564,888.54
Great Little Box Company	748 Market Street Victoria BC V8T 5K5		5,141.88
Health Canada-Receiver General	161 Goldenrod Drwy Ottawa ON K1A 0K9		26,182.94
Intact Insurance Company	700 University Avenue, Suite 1500A Toronto ON M5G 0A1		250.00
John Deere	3430 Superior Court Oakville ON L6L 0C4		1,135.10
Mercari Agency Limited	300 - 192 Spadina Avenue Toronto ON M5T 2C2		10,265.44
Ministry of Finance - PST - British Columbia	Station Provincial Government PO Box 9445 Victoria BC V8W 9V5		11,248.74
Pest Control Services	221 Donore Road Salt Spring Island BC V8K 2H4		254.10
Quality Analytical Services	Unit A43, 64089 393 Avenue East Okotoks AB T1S 0L1		1,859.65
QualityBox	4555 Hillbank Road Duncan BC V9L 6M2		261.35
Receiver General for Canada- Excise	PO Box 3800 Stn. A Sudbury ON P3A 0C3		3,197,532.18
Rumi, Alex	41 Melbourne Street Hamilton ON L8P 2A5		1,032.88

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Good Buds Company Inc.
 of the Community of Salt Spring Island, in the Province of British Columbia
 Crowe MacKay & Company Ltd., Trustee

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Rumi, Eric and Suzanne	c/o 3 Atkins Avenue Toronto ON M6K 1V9		2,015,310.24
Rumi, Tyler	c/o 3 Atkins Avenue Toronto ON M6K 1V9		93,212.71
Sage	13888 Wireless Way, Suite 120 Richmond BC V6V 0A3		1,208.48
Salt Spring Water Co	P.O. Box 767 Salt Spring Island BC V8K 2W3		850.00
Saskatchewan Liquor & Gaming Authority	500 Victoria Ave Regina SK S4P 3M3		1,650.00
Shaw Cable Systems - Vancouver Payment Solutions	900-1067 W Cordova St Vancouver BC V6C 3T5		258.72
ULINE	Box 3500, RPO Streetsville Mississauga ON L5M 0S8		3,872.45
WorkSafe BC	PO Box 5350 Str. Terminal Vancouver BC V6B 5L5		2,397.71
Total			18,814,326.60



 Good Buds Company Inc.
 Insolvent Person

- Proposal Consent -

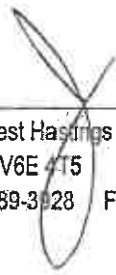
In the Matter of the Proposal of
Good Buds Company Inc.
of the Community of Salt Spring Island, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Good Buds Company Inc..

Dated at the City of Vancouver in the Province of British Columbia, this 29th day of February 2024.

Crowe MacKay & Company Ltd. - Licensed Insolvency Trustee



1100 - 1177 West Hastings Street
Vancouver BC V6E 4T5
Phone: (604) 689-3128 Fax: (604) 687-5617