April 21, 2022

SUGARBUD CRAFT GROWERS CORP.

BEST-EFFORTS PROSPECTUS SUPPLEMENT OFFERING OF
CONVERTIBLE DEBENTURE UNITS

TERM SHEET

A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Quebec. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document, and copies may be obtained from Research Capital Corporation (ecm@researchcapital.com) and are also available electronically at www.sedar.com.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment, and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The securities offered under the final base shelf prospectus and prospectus supplement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the "United States"), and may not be offered or sold within the United States, or to, or for the account or benefit of a U.S. Person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) or a person in the United States, except in transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws. This term sheet does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. persons.

Issuer:	SugarBud Craft Growers Corp. ("**SUGR**" or, the "**Company**").
Offered Securities:	Best-efforts, prospectus offering (the "**Offering**") of subordinated secured convertible debenture units of the Company (the "**Debenture Units**").
Gross Proceeds:	Up to $3,000,000.
Offering Price:	$1,000 per Debenture Unit.
Debenture Units:	Each Debenture Unit shall consist of one 12.0% subordinated secured convertible debenture of the Company (each a "**Convertible Debenture**") and 1000 common share purchase warrants (each, a "**Warrant**").
Warrants:	Each Warrant entitles the holder thereof to acquire one common share in the capital of the Company (a "**Common Share**") at an exercise price equal to $1.00 (the "**Exercise Price**"), at any time up to 5 years following the Closing Date (subject to adjustment in certain customary events).
Maturity:	5 years from the date the Debenture Units are issued (the "**Maturity Date**").
Interest:	The Convertible Debentures shall bear interest at a rate of 12.0% per annum from the date of issue, and shall be: (i) paid in-kind in Common Shares at a price equal to the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the "**Exchange**") for the consecutive 20 trading days of the Common Shares on the Exchange preceding the date of interest payment or (ii) in cash, at the Company's option. The interest payment will be payable semi-annually in arrears, commencing June 30, 2022. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. The June 30, 2022 interest payment will represent accrued interest for the period from the Closing Date (as hereinafter defined) to June 30, 2022.
Payment of Principal:	The Convertible Debentures will be repaid in cash at the Maturity Date.

Security:	The Convertible Debentures and Secured Notes shall be secured by a security interest in the Company's Stavely facility (the "**Stavely Facility**") and shall be subordinate in priority and ranking to: (1) current senior indebtedness ("**Existing Indebtedness**") of the Company for amounts up to 70% Loan to Value against the Company's Stavely facility, including any additional credit extended pursuant to Existing Indebtedness, or the assignment, assumption, transfer or replacement of such Existing Indebtedness with any other form of credit arrangement ("**Alternative Indebtedness**") provided that: (A) the lender(s) in respect of such Alternative Indebtedness is a chartered Canadian or U.S. bank or a credit union formed under the *Credit Union Act* (Alberta) or similar legislation in any other province of Canada; and (B) Existing Indebtedness is paid out in full concurrent with the execution of a definitive credit agreement in respect of Alternative Indebtedness under which funds can be unconditionally drawn by the Company; and (2) any capital equipment financing in respect of the HVAC, lighting and other equipment at the Stavely Facility. The Convertible Debentures and Secured Notes shall rank subordinate to the outstanding principal amount of $138,000 convertible debentures of the Company issued in June 2020.
Conversion Privilege:	The principal amount of each Convertible Debenture (the "**Principal Amount**") shall be convertible, at the option of the holder and for no additional consideration, into Common Shares at a conversion price equal to $1.00 prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for prepayment or redemption of the Convertible Debentures upon a Change of Control (as further described herein).
Make-Whole Provision:	If the holder elects to convert the Convertible Debentures following Closing (as defined below), then the holder will also receive the Effective Interest (as defined below), payable in: (i) units of the Company (the "**Units**") (or if the holder is a Non-Arm's Length Party (as such term is defined in the policies of the Exchange), Common Shares) at a price equal to the daily volume weighted average trading price of the Common Shares on the Exchange for the consecutive 20 trading days of the Common Shares on the Exchange preceding the date of such election (the "**VWAP Price**"), (ii) cash or (iii) a combination of cash and Units (or Common Shares, as applicable), at the Company's option. The effective interest ("**Effective Interest**") is an amount equal to the interest that the holder would have received if the holder had held the Convertible Debentures until the Maturity Date. Each Unit shall consist of one Common Share and one Warrant. Each Warrant entitles the holder thereof to acquire one Common Share at an exercise price equal to the VWAP Price, at any time up to 5 years following

	the date of such election (subject to adjustments in certain customary events).
Exchange Option:	The holder of the Convertible Debentures may, at their sole discretion, elect to exchange their then outstanding Convertible Debenture for a 15.0% secured note expiring on the Maturity Date (a "**Secured Note**"), at any time prior to the close of business on the Maturity Date. Any accrued interest from the date of exchanging the Convertible Debentures into Secured Notes shall be carried-forward and be payable on its semi-annual date, together with the interest accruing from the Secured Notes beginning on the date of the exchange thereafter.
Over-Allotment Option:	The Company has granted to the Agent an option (the "**Over-Allotment Option**") to increase the size of the Offering by up to an additional number of Debenture Units, and/or the components thereof, that in aggregate would be equal to 15% of the total number of Debenture Units (or the securities underlying the Debenture Units) to be issued under the Offering, to cover over-allotments, if any, and for market stabilization purposes, exercisable at any time and from time to time up to 30 days following the closing of the Offering.
Use of Proceeds:	The net proceeds from the Offering are intended to be used for additional processing and production equipment purchases, facility upgrades and working capital and other corporate purposes.
Change of Control:	Upon a Change of Control (as hereinafter defined) of the Company, holders of the Convertible Debentures and Secured Notes will have the right to require the Company to repurchase their Convertible Debentures and Secured Notes, in whole or in part, on the date that is 30 days following the giving of notice of the Change of Control, at a price equal to 104% of the principal amount of the Convertible Debentures and Secured Notes then outstanding plus accrued and unpaid interest thereon (the "**Offer Price**"). If 90% or more of the principal amount of the Convertible Debentures and Secured Notes outstanding on the date of the notice of the Change of Control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures and Secured Notes at the Offer Price. For the purposes hereof, a "Change of Control" means (i) any event as a result of or following which any person, or group of persons "acting jointly or in concert" within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Company. A Change of Control will not include a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least

	50% of the voting shares of such merged, reorganized or other continuing entity.
Anti-Dilution Adjustments:	The conversion prices will be subject to adjustment in certain events including, without limitation, the subdivision or consolidation of the outstanding Common Shares, the issue of Common Shares or securities convertible into Common Shares by way of stock dividend or distribution, the issue of rights, options or warrants to all or substantially all of the holders of Common Shares in certain circumstances, and the distribution to all or substantially all of the holders of Common Shares of any other class of shares, rights, options or warrants, evidences of indebtedness or assets.
Offering Basis:	The Debenture Units will be offered by way of a prospectus supplement to the Company's base shelf prospectus dated February 26, 2021, to be filed in each of the provinces of Canada (except Quebec), pursuant to *National Instrument 44-102 – Shelf Distributions* and *National Instrument 44-101 – Short Form Prospectus Distributions* and may be offered in the United States on a private placement basis pursuant to an appropriate exemption from the registration requirements under applicable U.S. law.
Listing:	The Company will use commercial reasonable efforts to obtain the necessary approvals to list the Convertible Debentures, the Warrants, Common Shares issuable upon conversion of the Convertible Debentures, the Common Shares issuable upon exercise of the Warrants, and the Common Shares issuable upon exercise of the compensation warrants on the Exchange.
Eligibility:	The Debenture Units, Convertible Debentures, Secured Notes, the Common Shares issuable upon conversion of the Convertible Debentures and Warrants shall be eligible for RRSPs, RRIFs, RDSPs, RESPs, TFSAs and DPSPs.
Commission:	8.0% cash commission and 8.0% compensation warrants.
Agent:	Research Capital Corporation as the sole agent and sole bookrunner (the "**Agent**").
Closing:	On or about the week of April 27, 2022, or such other date as the Agent and the Company may agree, acting reasonably (the "**Closing Date**").