

Court File No: CV-24-00712366-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HUMBLE & FUME INC. (ONTARIO), HUMBLE &
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and
WINDSHIP TRADING LLC**

FIRST REPORT OF DELOITTE RESTRUCTURING INC., AS MONITOR

JANUARY 23, 2024

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FIRST REPORT OF THE MONITOR

DATED JANUARY 23, 2024

INTRODUCTION

1. On January 5, 2024, Humble & Fume Inc. (Ontario) ("**Humble Parent**"), Humble & Fume Inc. (Manitoba) ("**Humble Manitoba**"), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc. ("**HCS**"), PWF Holdco Inc., and Windship Trading LLC (collectively, the "**Applicants**") commenced these proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**").
2. The Applicants' main business activities include the marketing and distribution of cannabis on behalf of licensed producers and the sale of related cannabis accessories (e.g. rolling papers, glass pipes, vaporizers, etc.). Humble Parent also owns 25% of a non-applicant that is the indirect owner of Cabo Connection ("**Cabo**"), a California-based cannabis

producer and distributor. Neither Cabo nor the U.S.-based entities that control it are applicants in these CCAA Proceedings.

3. On January 5, 2024, the Applicants sought and obtained an initial order (the “**Initial Order**”) for, among other things, the following relief:
 - a. a stay of proceedings until January 15, 2024 (the “**Stay Period**”);
 - b. a charge in the amount of \$150,000 (the “**Administration Charge**”) for the benefit of counsel to the Applicants, the Monitor and the Monitor’s counsel (together, the “**Professionals Group**”);
 - c. a declaration that the Applicants should incur no further costs related to securities filings with the Ontario Securities Commissions (the “**OSC**”) given the cease trade order issued to Humble Parent on December 6, 2023; and
 - d. the appointment of Deloitte Restructuring Inc. as monitor of the Applicants in these CCAA Proceedings (in such capacity, the “**Monitor**”).
4. A description of the events leading up to these CCAA Proceedings is included in the affidavit of Jakob Ripshtein sworn on January 4, 2024 (the “**Ripshtein Affidavit**”).
5. On January 12, 2024, the Applicants sought and obtained an order extending the stay of proceedings until January 26, 2024. Jakob Ripshtein swore an affidavit on January 11, 2024 in support of the stay extension order (the “**Second Ripshtein Affidavit**”).
6. On January 12, 2024, Justice Cavanagh endorsed a comeback hearing for January 22, 2024 to hear the Applicants’ motion for further relief. This date was vacated to January 24, 2024.
7. Unless otherwise noted, all references to monetary amounts in this first report of the Monitor (the “**First Report**”) are references to Canadian dollars.

PURPOSE

8. The purpose of this First Report is to provide the Court with information on:
 - a. the Monitor's activities since the issuance of the Initial Order;
 - b. the Monitor's views on the Applicants' proposed key employee retention plan (the "**KERP**") and sealing the KERP as a Confidential Appendix "**1**" to this First Report;
 - c. the Applicants' request to create a charge for the benefit of the directors and officers of the Applicants (the "**D&O Charge**");
 - d. the Applicants' request to increase the quantum of the Administration Charge to \$500,000;
 - e. the Applicants' request for approval of a debtor-in-possession credit facility in the amount of USD\$2.5 million (the "**DIP Loan**") with 1000760498 Ontario Inc. (the "**DIP Lender**"), an affiliate of certain of the Applicants' secured creditors, pursuant to a debtor-in-possession term sheet dated January 23, 2024 (the "**DIP Term Sheet**") and the granting of a third-ranking charge in favour of the DIP Lender in the maximum amount of USD\$2.5 million (the "**DIP Lender's Charge**");
 - f. the Applicants' revised 12-week cash flow forecast (the "**Revised Forecast**") through to April 7, 2024 (the "**Cash Flow Period**");
 - g. the Applicants' request to extend the Stay Period to April 5, 2024; and
 - h. the Monitor's views regarding the Applicants' proposed sale and investment solicitation process (the "**SISP**") that will be administered by the Monitor. The SISP will include a "stalking horse" component as set out in the Ripshtein

Affidavit.

TERMS OF REFERENCE

9. In preparing this First Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicants, discussions with and information from the Applicants' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this First Report:
- a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *CPA Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. some of the Information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
10. Future oriented financial information referred to in this First Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the

variations could be significant.

MONITOR'S ACTIVITIES SINCE THE COMMENCEMENT OF THE CCAA PROCEEDINGS

11. Since its appointment pursuant to the Initial Order, the Monitor has undertaken the following activities:
 - a. established a protocol for monitoring, and monitored, the Applicants' receipts and disbursements;
 - b. held a number of calls with the Applicants' staff to provide guidance to them with respect to these CCAA Proceedings;
 - c. engaged with certain stakeholders of the Applicants to discuss their views related to the SISP;
 - d. attended at the head office of the Applicants to meet with Management and staff;
 - e. established a case website where information relevant to the CCAA Proceedings can be found. The address of the website is www.insolvencies.deloitte.ca/en-ca/humble (the "**Monitor's Website**");
 - f. filed certain statutory documents with the Office of the Superintendent of Bankruptcy;
 - g. established an email inbox (humble@deloitte.ca) and telephone hotlines (416-607-1400 and 1-833-485-1340) for interested parties to make inquiries of the Monitor;
 - h. drafted the proposed SISP with the input and assistance of the Applicants and other stakeholders of the Applicants;

- i. assisted the Applicants in developing the Revised Forecast;
- j. attended the stay extension hearing on January 12, 2024;
- k. worked with the Applicants and the major stakeholders to resolve concerns regarding the SISP procedure and process going forward; and
- l. prepared this First Report.

PROPOSED KEY EMPLOYEE RETENTION PLAN

12. As set out in the motion materials dated January 23, 2024 (the “**Motion**”) and the Third Ripshtein Affidavit, the Applicants are currently seeking to establish a KERP for the benefit of certain of their executives and operational staff. Attached to this First Report as the Confidential Appendix “**1**” is a list of beneficiaries of the KERP, their entitlements thereunder, and the triggers for such beneficiaries to receive their entitlements.
13. The Monitor has reviewed the terms of and the overall need for the KERP with Management. The Monitor is of the view that, notwithstanding the brief service period in order to earn the KERP, the entitlements under the proposed KERP are reasonable with the largest being approximately 25% of the annual salary of the relevant beneficiary.
14. As further set out in the Third Ripshtein Affidavit, the proposed material beneficiaries of the KERP are critical to the Applicants’ ongoing business and the resignation of any of them would create significant disruption to same. In the Monitor’s view this is especially important given the potential commencement of a SISP for which the Applicants are seeking Court approval. The Monitor also notes that the proposed DIP Lender is supportive of the KERP being sought by the Applicants.
15. In the Monitor’s view:

- a. the identified material beneficiaries of the KERP consist of senior management and key employees with extensive experience with the Applicants' business, and such individuals are critical to the execution of the SISP and continuing operations during the pendency of these CCAA proceedings; accordingly, their inclusion in the KERP is appropriate and reasonable;
 - b. the triggers to earn the KERP, being either: (i) the closing of a successful transaction under the SISP; or (ii) the termination of these CCAA proceedings are appropriate in the circumstances; and
 - c. the quantum of each beneficiary's entitlement under the KERP is appropriate in the circumstances.
16. The Applicants have sought to seal the unredacted Confidential Appendix "1" containing the KERP details. The Confidential Appendix "1" contains personal and sensitive information which may cause harm to the applicable employees should such information be made available to the public.
17. For the reasons set out above, the Monitor is supportive of the KERP being sought by the Applicants and of having the unredacted KERP sealed and not form part of the public record.

THE PROPOSED D&O CHARGE

18. As set out in the Motion, the Applicants are seeking to establish a D&O Charge for the benefit of their directors and officers (the "D&O") at a hearing on January 24, 2024 (the "Comeback Hearing").
19. The amount of the proposed D&O Charge being sought by the Applicants is \$475,000.

The Monitor has worked with the Applicants to size the proposed D&O Charge based on the liabilities that the D&O may face in such capacity. Such amounts generally represent the maximum exposure for payroll (including the lag between the earning and payment of wages and salaries), vacation pay, and Harmonized Sales Tax (“**HST**”) related to one of the Applicants that is generally in an HST payable position to Canada Revenue Agency.

20. While the D&O are the beneficiaries of insurance coverage for certain liabilities, there is no certainty that such policy will cover liabilities that may be faced by the D&O during the CCAA Proceedings. As such, the Monitor is of the view that providing the D&O Charge for the benefit of the D&O will provide them the necessary comfort to continue to provide services to the Applicants during the CCAA Proceedings.
21. The Monitor notes that the D&O Charge will rank behind the Administration Charge in priority and ahead of the DIP Lender’s Charge.
22. For the reasons set out above, the Monitor is supportive of the establishment of the D&O Charge.

INCREASE OF THE ADMINISTRATION CHARGE

23. As set out above, the Initial Order established the Administration Charge in the amount of \$150,000. As set out in the Ripshtein Affidavit, the quantum of the Administration Charge was meant to secure the fees of the Professionals Group until the Comeback Hearing.
24. Given the extensive involvement of the Professionals Group before and since the commencement of the CCAA Proceedings, the Applicants are now seeking an increase in the amount of the Administration Charge to \$500,000.
25. The Monitor is of the view that the Administration Charge is necessary for the effective

participation of the Professionals Group in these CCAA Proceedings, and the quantum of the Administration Charge is reasonable given the complexity of these CCAA Proceedings, the work that has been done to date, and the anticipated work required from the Professionals Group.

THE PROPOSED DIP LOAN

26. As set out in the Third Ripshtein Affidavit, the Applicants are seeking the approval of the DIP Term Sheet.
27. As set out in the Revised Forecast, the Applicants are projected to have sufficient liquidity through April 7, 2024 based on the availability of the DIP Loan. Included in the projected disbursements is funding for Cabo, which is a non-Applicant in these CCAA Proceedings. Absent the liquidity provided by the DIP Loan, this intercompany funding would not be possible, as the Applicants' would not have sufficient liquidity to fund such advances.
28. As detailed in the Ripshtein Affidavit, certain of the Applicants have an option to increase their beneficial shareholdings in Cabo to approximately 49% (the "**Cabo Option**"). Such increase would require the payment of USD\$2 million to the Applicants' joint venture partners. The payment required to exercise the Cabo Option could not be made by the Applicants without the liquidity afforded by the proposed DIP Loan.
29. Management is of the view that protecting the Applicants' investment in Cabo by providing required intercompany funding will preserve and maximize the value of the Applicants' business and property for the benefit of the Applicants' stakeholders, and will facilitate a successful SISP. Management further believes that securing the funds required to increase the Applicants' beneficial shareholdings in Cabo through the exercise of the Cabo Option

accomplishes the same goal. The Monitor is of the same view.

30. The Monitor notes the following with respect to the proposed DIP Loan:

Item	Details
Lender	1000760498 Ontario Inc., an affiliate of certain of the Applicants' secured creditors
Borrowers	The Applicants, on a joint and several basis
Amount	USD\$2.5 million
Use	The DIP Loan is to be used for: <ol style="list-style-type: none"> 1. General working capital needs of the Applicants, including professional fees incurred in these CCAA Proceedings; 2. Funding certain expenses of the DIP Lender incurred during these CCAA Proceedings; 3. Providing working capital funding to Cabo, subject to certain conditions; 4. Exercising the Cabo Option, subject to certain conditions; and 5. Other costs that may be agreed.
Maturity date	The earliest of: <ol style="list-style-type: none"> 1. April 15, 2024; 2. The closing of a sale or investment transaction resulting from the SISP; 3. The implementation of a plan of compromise or arrangement within these CCAA Proceedings; 4. The date on which these CCAA Proceedings are terminated for any reason; 5. The occurrence of an Event of Default (as defined in the DIP Loan).
Interest rate	12% per annum, to be paid at maturity
Security	Court-ordered charge in the amount of USD\$2.5 million in favour of the DIP Lender over all of the Applicants' property
Funding conditions	Usual and customary conditions for loans of this type, including the granting of a Court order approving a charge for the benefit of the DIP Lender

31. The Monitor further notes the following with respect to the proposed DIP Loan:

- a. the permitted uses of the DIP Loan as forecast provide the Applicants with a liquidity cushion, should it be required, during these CCAA Proceedings;
 - b. the proposed DIP Lender is an affiliate of certain secured creditors of the Applicants and, as such, is familiar with the Applicants' business and affairs;
 - c. the interest rate of 12%, to be paid only at maturity, is a reasonable rate for financing of this type. In order to assess this, the Monitor reviewed recent debtor-in-possession loans on the Insolvency Insider DIP tracker for the second half of 2023. Based on its review, the Monitor noted rates as low as 8.5% and as high as 18% with a significant proportion of such rates being between 10% and 15%;
 - d. arranging for alternate DIP financing would be time consuming and may not be possible;
 - e. other than recovering out of pocket expenses, there are no fees associated with the DIP Loan (e.g. commitment fee);
 - f. the events of default and covenants are typical of debtor-in-possession loan arrangements;
 - g. the proposed DIP Loan allows the Applicants to protect their investment in Cabo and to exercise the Cabo Option, subject to certain conditions contained in the DIP Term Sheet; and
 - h. The DIP Loan will be assumed the by the Stalking Horse Bidder in accordance with the terms of the Stalking Horse Bid (as defined herein).
32. The Monitor notes that pursuant to the proposed DIP Term Sheet, the exercise of the Cabo Option is subject to the Applicants obtaining the prior written consent of the DIP

Lender. While that requirement may be restrictive, the Monitor notes that the Applicants will not have the funding required to exercise the Cabo Option if the DIP Term Sheet is not approved on the terms submitted to the Court.

33. For the reasons set out above, the Monitor recommends that the Court approve the DIP Loan should it see fit to do so.

REVISED CASH FLOW FORECAST THROUGH APRIL 7, 2024

34. The Ripshtein Affidavit included a four-week cash flow forecast through the week ended January 28, 2024 (the “**Original Forecast**”). Since the granting of the Initial Order, the Applicants, with the input of the Monitor, have updated the Original Forecast to the Revised Forecast based on updated assumptions. The Revised Forecast is attached to this First Report as Appendix “**A**”. The Revised Forecast is summarized below:

Projected Receipts and Disbursements Amounts presented in CAD 000s	12 weeks Total
Opening balance	1,450
Receipts	
Collection from sales and accounts receivables	2,731
DIP drawdown	333
Total Receipts	3,063
Disbursements	
Trade payables, cost of goods sold, operating costs and overheads	(2,518)
Intercompany funding	(333)
Payroll and benefits	(975)
Rent and utilities	(91)
Professional Fees	(452)
Total disbursements	(4,369)
Net cash change	(1,305)
Ending cash balance	144

35. The Revised Forecast is prepared on a weekly basis during the Cash Flow Period and

represents the Applicants' estimates of their projected receipts and disbursements during the Cash Flow Period. The Revised Forecast has been prepared using the probable and hypothetical assumptions set out in the notes to same attached to the Revised Forecast (the "**Assumptions**").

36. The Monitor has reviewed the Revised Forecast regarding the reasonableness of the Assumptions as required by section 23(1)(b) of the CCAA.
37. Pursuant to this standard, the Monitor's review of the Revised Forecast consisted of inquiries, analytical procedures, review of certain supporting data and consideration of the Information. Since the Assumptions need not be supported, the Monitor's procedures with respect to the material Assumptions was limited to evaluating whether they were consistent with the purpose of the Revised Forecast.
38. The Monitor has also:
 - a. discussed the Assumptions with Management;
 - b. participated in conference calls with stakeholders in respect of cash flow matters;
and
 - c. if necessary, proposed amendments to the Revised Forecast and Assumptions where appropriate.
39. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
 - a. the material Assumptions are not consistent with the purpose of the Revised Forecast;
 - b. as of the date of this First Report, the material Assumptions are not suitably

supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Revised Forecast given the probable and hypothetical assumptions contained therein; or

c. the Revised Forecast does not reflect the Assumptions.

40. Given the lack of forecast liquidity near the end of the Cash Flow Period, it is critical that the Applicants manage their limited resources to achieve a successful restructuring via these CCAA Proceedings. Any material negative variance could have significant repercussions with respect to the overall likelihood of success of the proposed SISP and the overall restructuring of the Applicants' business.

PROPOSED SISP

Summary of the SISP

41. As set out in the Ripshtein Affidavit, the Applicants are now seeking approval of a SISP as part of the CCAA Proceedings. As further detailed in the Third Ripshtein Affidavit, the proposed SISP currently contemplates a "stalking horse" component. A copy of the proposed SISP is attached as Appendix "B" to this First Report. Undefined capitalized terms in this section shall have the meaning ascribed to them in Appendix "B".

42. A high-level summary of the proposed SISP timeline is included below:

Item	Details
Commencement date	Immediately following the issuance of the SISP Order, should the Court grant such order
Bid Deadline	February 23, 2024
Auction Date	February 29, 2024
Hearing to approve the transaction(s)	Forthwith

resulting from the SISP	
Sale Closing	7 days following the issuance of the Sale Approval Order

43. Further material elements of the proposed SISP are summarized below:

- a. the SISP will be administered by the Monitor in consultation with the Applicants. The Applicants and the Monitor will jointly develop a list of potential bidders, which shall include any party that has expressed an interest in participating in the SISP (each, a “**Known Potential Bidder**”);
- b. the Monitor will advertise the SISP in the Insolvency Insider newsletter and post a notice of the SISP on the Monitor’s Website. The Monitor will be at liberty to post additional notices if it deems it advisable to do so;
- c. the Monitor will prepare a description of the opportunity (the “**Teaser**”) and a non-disclosure agreement (an “**NDA**”) to be sent to Known Potential Bidders. Upon executing an NDA, a Known Potential Bidder shall become a “**Potential Bidder**”;
- d. Potential Bidders will be granted access to an electronic data room that will contain details of the Applicants’ business and affairs. They may also receive presentations from Management and undertake site visits of the Applicants’ facilities. They may also request information regarding the Applicants’ affairs from the Monitor;
- e. Potential Bidders that wish to make a binding sale or investment proposal (each, a “**Bid**”) that complies with the SISP shall submit their Bids by the Bid Deadline. Bids shall specify a number of particulars including the purchase price to be paid by the Potential Bidder submitting the Bid (with each being a “**Bidder**”);

- f. the Monitor shall have the ability to combine two non-overlapping independent Bids into one Bid;
- g. each Bid shall be accompanied by a deposit equal to 10% of the cash purchase price contemplated by the Bid. Such deposits, which are refundable to unsuccessful Bidders, shall be held in trust by the Monitor pending the outcome of the SISP;
- h. there are particular requirements for each of a Sale Proposal and an Investment Proposal as detailed in the SISP. Each Bid must also contain certain prescribed representations;
- i. once the Bids are received, the Monitor, in consultation with the Applicants, will assess each Bid and designate each as a “**Qualified Bid**” where it meets the criteria set out in the SISP, including containing consideration that exceeds the Stalking Horse Bid (as defined below) by at least \$125,000. Pursuant to the terms of the SISP, the Stalking Horse Bid shall be deemed to be a Qualified Bid. Parties submitting a Qualified Bid (each a “**Qualified Party**”) shall be notified that their Bids constitute Qualified Bids within two days of the Bid Deadline, although such period may be amended by the Monitor in its discretion;
- j. paragraph 26 of the SISP contains the criteria against which the Monitor and the Applicants shall evaluate Qualified Bids;
- k. if there is at least one Qualified Bid in addition to the Stalking Horse Bid, the Monitor shall conduct an auction in accordance with the terms of the SISP (the “**Auction**”). Each Qualified Party must confirm to the Monitor that it intends to participate in the Auction;

- l. each Qualified Party participating in the Auction shall be notified of other participants by the Monitor by 5:00 p.m. (EST) the day prior to the Auction;
 - m. the Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor in consultation with the Applicants (the “**Initial Bid**”). The next bid at the Auction (each, an “**Overbid**”) must exceed the Initial Bid by minimum additional cash increments of \$125,000 for the first bid and then in cash increments of \$50,000 for each subsequent bid. Each Overbid shall be provided to all participants of the Auction;
 - n. the Auction shall continue until such time as there is no party that wishes to make another Overbid. This will continue for as many rounds as are required, with the last bidder being deemed the “**Successful Party**” that submitted the “**Successful Bid**”; and
 - o. once one or more Successful Bids has been identified, the Applicants or the Monitor shall seek Court approval of same as soon as possible.
44. As set out in the SISP, the Monitor may waive strict compliance with the provisions above where it sees fit to do so.

The Stalking Horse Bid

45. As set out in the Applicants’ motion materials, 1000760498 Ontario Inc. has agreed to act as a stalking horse bidder in the SISP (in such capacity, the “**Stalking Horse Bidder**”). The Stalking Horse Bidder’s proposed offer is attached to this First Report as Appendix “**C**” (the “**Stalking Horse Bid**”). The Monitor notes that the Stalking Horse Bidder is related to certain of the Applicants’ secured creditors, and its principal currently sits on the

board of directors of certain of the Applicants. As such, the Stalking Horse Bidder has extensive knowledge of the Applicants' business and affairs.

46. The following summarizes key elements of the Stalking Horse Bid:
- a. The purchase price contemplated in the Stalking Horse Bid is equal to the value of the secured debt (the "**Secured Debt**") owed by the Applicants to its senior secured creditors, DGC Investments Inc. and Green Acre Capital Fund II (Canada) Sidecar LP, as collateral agent for certain debentureholders (collectively, the "**Secured Creditors**"), plus the value of the DIP Loan. The purchase price will be satisfied by the Stalking Horse Bidder assuming the Secured Debt and the DIP Loan. As of the date of this First Report, the value of the Secured Debt is equal to approximately \$3.7 million, although interest and costs continue to accrue. The Monitor's counsel has reviewed the security granted in favour of the Secured Creditors and verbally confirmed that it is valid and enforceable as against a Licensed Insolvency Trustee in the Province of Ontario, subject to the customary assumptions, limitations and qualifications, and is in the process of retaining counsel to provide an opinion on the validity of the security in the Province of Manitoba.
 - b. The Stalking Horse Bid contemplates the purchase of all of the assets of the Applicants. The Stalking Horse Bidder has the ability to exclude certain assets as detailed on Exhibit "A" of the Stalking Horse Bid.
 - c. The representations and warranties provided by the Applicants are typical given the CCAA Proceedings. Other than limited representations that, in the Monitor's view, are customary in this type of transaction, the sale is on an "as is, where is" basis.

- d. If the Stalking Horse Bid is selected as the Successful Bid, Humble Parent will effect a pre-closing reorganization whereby a number of common shares to be determined will be issued to the Stalking Horse Bidder in exchange for the consideration described in the Stalking Horse Bid. Following such issuance, the constating documents of Humble Parent will be amended to consolidate all issued and outstanding shares on the basis of a consolidation ratio to be determined. Fractional shares will be cancelled, without consideration, leaving the Stalking Horse Bidder as the sole shareholder of Humble Parent. Such steps are detailed in Exhibit “A” of the Stalking Horse Bid.
- e. The transaction contemplated by the Stalking Horse Bid (the “**Transaction**”) will be affected via a “reverse vesting order” structure. Liabilities not assumed include all liabilities (including all tax liabilities) of the Applicants unless they are explicitly retained by the Stalking Horse Bidder as part of the Transaction. The Secured Debt owed to the Secured Creditors is explicitly retained as part of the Transaction. All liabilities that are not retained will be vested in a newly incorporated entity (“**ResidualCo**”), whose shares will be held by the Monitor as bare trustee. As part of the Transaction, ResidualCo will formally assume the liabilities vested into it via a liability assumption agreement.
- f. The Transaction excludes certain contracts that are currently held by the Applicants. They are detailed on Schedule “B” of the Stalking Horse Bid, which may be updated by the Stalking Horse Bidder prior to Closing.
- g. The Stalking Horse Bid contains a reimbursement for professional fees incurred by the Stalking Horse Bidder in the maximum aggregate amount of \$75,000 (the

“**Professional Fees**”).

- h. Pursuant to Section 4.4 of the Stalking Horse Bid, the Stalking Horse Bidder will release the Applicants and the Monitor and certain other parties from any and all Release Claims (as defined in the Stalking Horse Bid).
 - i. There are a number of standard conditions precedent to close the Transaction. One of these is the concept of an “**Outside Date**” by which time the Transaction shall have closed and after which the parties may terminate the Stalking Horse Bid. The Outside Date is April 15, 2024.
47. The Transaction will result in the partial termination of these CCAA Proceedings with only ResidualCo remaining as an Applicant.

The Monitor’s Observations Regarding the SISP and the Stalking Horse Bid

48. The Monitor makes the following observations regarding the proposed SISP:
- a. pursuant to the terms of the SISP, the Monitor shall administer and be responsible for all material elements of the SISP, although it does allow for consultation with the Applicants where the Monitor determines it appropriate;
 - b. the SISP offers enough flexibility to address potential issues that may arise;
 - c. the length of the SISP, while expedited, is appropriate given the liquidity resources available to the Applicants. This is the primary reason informing the choice of a one-stage process prior to holding the Auction;
 - d. the Stalking Horse Bid provides certainty regarding a minimum known outcome of the SISP, which will help the Applicants maintain their business during these CCAA Proceedings;

- e. the short timeline of the SISP is somewhat mitigated by the fact that Humble Parent was a publicly traded company and potential interested purchasers have had the ability to consummate a transaction prior to the commencement of these CCAA Proceedings and at least since the date of the initial filing the Secured Creditors have been seeking interest in the Applicants' business and assets from potential investors or partners and the Monitor has been working with the Applicants to compile the information and documentation to populate the data room and to obtain potential Known Bidders from the Applicants and the major stakeholders;
 - f. the SISP provides the Applicants with an opportunity to continue as a going concern and preserve jobs for the Applicants' employees; and
 - g. the terms of the SISP allow for third party bidders to increase proceeds for the benefit of the Applicants' stakeholders.
49. With respect to the Stalking Horse Bid, the Monitor notes the following:
- a. the Transaction structure (i.e., likely a reverse vesting order) is appropriate given the licenses and permits held by the Applicants. In the Monitor's view, the consideration that is paid for the debtor's business is reflective of the importance and value of the licences and permits, or other intangible assets, being preserved under the reverse vesting order structure. Specifically, a higher price may be achieved in the SISP by maintaining current authorizations in favour of the Applicants when compared to the price that may be achieved for buyers that need to apply for and obtain such licenses themselves, which process is lengthy and uncertain. The Monitor is also of the view that the reverse vesting order structure is likely to produce an economic result that is at least as favourable as any other

viable alternative. It is also unlikely that any stakeholder will be worse off under the reverse vesting order than they would have been under any other viable alternative. The Third Ripshtein Affidavit reaches a similar conclusion;

- b. the reimbursement of the Professional Fees by any Successful Party other than the Stalking Horse Bidder is appropriate given the costs that have been incurred by the Stalking Horse Bidder to develop the Stalking Horse Bid; and
 - c. the Outside Date allows for enough time to close the Transaction.
50. For the reasons set out above, the Monitor is supportive of the SISP and recommends that the Court approve it, should it see fit to do so.

EXTENSION OF THE STAY PERIOD

51. The current Stay Period expires on January 26, 2024 and the Applicants are currently seeking to extend it to April 5, 2024 (the “**Extended Stay Period**”). The Monitor is supportive of the Extended Stay Period as it will allow the Monitor to undertake and administer the SISP in accordance with its terms. This includes a Transaction with the Stalking Horse Bidder if no other Qualified Bids are received as part of the SISP.
52. The Revised Cash Flow Forecasts projects that the Applicants will have sufficient liquidity, although resources are constrained near the end of the Extended Stay Period.

RECOMMENDATIONS

53. The Monitor notes the following with respect to the relief that is being sought by the Applicants:
- a. the Applicants are acting in good faith and with due diligence in attempting to implement a restructuring of their business and affairs;

- b. the implementation of the KERP will assist in providing certainty with respect to continuity of management through the CCAA Proceedings;
- c. the granting of the D&O Charge will provide the D&O with needed protections during the CCAA Proceedings;
- d. the increase in the Administration Charge is appropriate given the level of activity that is likely to be undertaken by the Professionals Group;
- e. the DIP Loan will assist in providing the Applicants with a sufficient liquidity cushion through April 5, 2024 as set out in the Revised Forecast;
- f. the SISP, including the Stalking Horse Bid, provides certainty to the Applicants' stakeholders that they will emerge from the CCAA Proceedings as a going concern; and
- g. the Extended Stay Period is necessary to administer the SISP for the benefit of the Applicants' stakeholders.

54. For these reasons, the Monitor recommends that the Court approve the relief being sought by the Applicants in their Motion.

All of which is respectfully submitted this 23rd day of January, 2024.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Court-appointed Monitor of
Humble & Fume Inc. et al, and not in its personal
capacity

Per:



Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “A”

Humble & Fume Inc. and certain of its subsidiaries
 Projected Statement of Receipts and Disbursements
 For the Period January 15, 2024 to April 7, 2024
 CAD \$000

Projected Receipts and Disbursements Amounts presented in CAD 000s	Week ending												12 weeks
	21-Jan-24	28-Jan-24	4-Feb-24	11-Feb-24	18-Feb-24	25-Feb-24	3-Mar-24	10-Mar-24	17-Mar-24	24-Mar-24	31-Mar-24	7-Apr-24	Total
Opening balance	1,450	1,621	577	493	594	516	517	330	306	255	187	168	1,450
Receipts													
Collection from sales and accounts receivables	344	207	228	443	177	302	138	264	150	144	132	203	2,731
DIP drawdown	-	-	-	166	-	-	-	166	-	-	-	-	333
Total Receipts	344	207	228	609	177	302	138	430	150	144	132	203	3,063
Disbursements													
Trade payables, cost of goods sold, operating costs and overheads	(172)	(822)	(272)	(161)	(219)	(146)	(133)	(109)	(166)	(93)	(116)	(108)	(2,518)
Intercompany funding	-	-	-	(166)	-	-	-	(166)	-	-	-	-	(333)
Payroll and benefits	-	(311)	-	(113)	-	(118)	(156)	(113)	-	(84)	-	(79)	(975)
Rent and utilities	-	(1)	(0)	(31)	(0)	(0)	(0)	(31)	(0)	(0)	(0)	(25)	(91)
Professional Fees	-	(119)	(39)	(36)	(36)	(36)	(36)	(34)	(34)	(34)	(34)	(15)	(452)
Total disbursements	(172)	(1,252)	(311)	(508)	(256)	(301)	(325)	(454)	(200)	(211)	(151)	(227)	(4,369)
Net cash change	172	(1,045)	(83)	101	(78)	1	(187)	(24)	(51)	(68)	(19)	(24)	(1,305)
Ending cash balance	1,621	577	493	594	516	517	330	306	255	187	168	144	144

Humble and Fume Inc.
Assumptions for the Revised Forecast
12 Weeks Ended April 7, 2024

The cash flow forecast (the “**Revised Forecast**”) for the period January 15, 2024 to April 7, 2024 (the “**Cash Flow Period**”) was prepared by Humble & Fume Inc. (“**Humble**”) with the assistance of the Monitor. The Monitor relied on Humble’s internal books and records, discussions with management and forecast realizations during the Cash Flow Period in order to assist in the preparation of the Revised Forecast.

The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information in the Revised Forecast in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the financial information.

Some of the information referred to in the Revised Forecast and these notes consists of financial forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

Future oriented financial information referred to in the accompanying Revised Forecast was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.

The information and assumptions contained in the Revised Forecast and these notes is not intended to be relied upon by any prospective purchaser or investor in any transactions with Humble.

The Revised Forecast assumes that the DIP Loan currently being sought by the Applicants is approved by the Court and available to fund working capital and intercompany advances.

Non-Canadian currency are translated to CAD at the following rates:

Currency	Conversion rate to CAD
U.S. dollar	1.33

RECEIPTS

Collections from sales and accounts receivables - \$2,731,000

Humble has assessed its current A/R balances and considered likely customer payments during the Cash Flow Period. Such collections are based on prior customer payment history and current customer commitments as assessed by Management.

Humble has also forecast collections from future sales based on current and forecast inventory levels and likely buyers of such inventory. Such assumptions have then been applied to likely buyers for each category of stock keeping units (“SKUs”) to determine the quantum of funds that may be received during the Cash Flow Period.

DIP Drawdown - \$333,000

In order to provide Cabo Connection (“Cabo”) with sufficient liquidity for working capital purposes, Humble has forecast approximately USD\$250,000 to be paid to its minority investment.

DISBURSEMENTS

Trade payables - \$2,518,000

The primary item being purchased as part of this line item is inventory for B.O.B. Headquarters Inc. (“B.O.B.”), Humble’s cannabis accessories distribution business. Management has devised a product mix strategy to focus on high margin, quick sale items in order to enhance cash flow. The quantum of trade payables is determined on the minimum level required to support the B.O.B. business.

This category of disbursements also includes Humble’s general selling, general and administrative costs.

Intercompany funding - \$333,000

This amount represents forecast funding to be paid for Cabo and is directly offset by the DIP Loan draw noted above.

Payroll and benefits - \$975,000

Management has forecast payroll on the assumption that the employees of Humble Cannabis Solutions Inc. (“HCS”) will be resigning as of January 19 2024. As such, vacation pay of approximately \$35,000 will be paid out.

Humble has forecast payments pursuant to its key employee retention program, to which there are four beneficiaries. Such amounts will only be paid out if there is a successful transaction or if their employment is involuntarily severed.

All other entities reflect normal course payroll and benefit payments given Humble’s current headcount and employee resources. No bonus or other non-normal course amounts are included as part of this line item.

Rent and Utilities - \$91,000

This line item includes the rent for Humble’s two Canadian facilities: head office in Toronto, Ontario and the B.O.B. warehouse in Brandon, Manitoba. No amount for the Kyle, Texas warehouse (the former Windship facility) has been included given the sublease of that facility.

Professional fees - \$452,000

Payments to professional fees include counsel to the Applicants, the Monitor and the Monitor's counsel. Fees payable to Humble's accounting services provider are also included as part of this line item.

APPENDIX “B”

Sale and Investment Solicitation Process

Humble & Fume Inc. (Ontario), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc., PWF Holdco Inc., and Windship Trading LLC

Introduction

1. On January 5, 2024, Humble & Fume Inc. (Ontario), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc., PWF Holdco Inc., and Windship Trading LLC (together, the “**Applicants**”) were granted an initial order (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Ontario Superior Court of Justice (the “**CCAA Court**”). The Initial Order, among other things:
 - a. stayed all proceedings against the Applicants, their assets and their respective directors and officers; and
 - b. appointed Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”);
2. Further to the Applicants’ restructuring efforts, the Monitor will conduct the sale and investment solicitation process (the “**SISP**”) described herein, with the assistance of the Applicants, and pursuant to the Order of the CCAA Court dated January 24, 2024 (the “**SISP Order**”). The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction. The Monitor intends to provide all qualified interested parties with an opportunity to participate in the SISP.
3. The SISP Order also approves the stalking horse agreement between the Applicants and 1000760498 Ontario Inc. or its nominee (in such capacity, the “**Stalking Horse Bidder**”) dated January 23, 2024 (as may be amended from time to time, the “**Stalking Horse Purchase Agreement**”), under which the Stalking Horse Bidder agreed to purchase substantially all of the Applicants’ assets and business operations, and act as the stalking horse bid in the SISP (the “**Stalking Horse Bid**”). The Stalking Horse Bid shall automatically be considered a Qualified Bid (as defined herein) for the purposes of the Auction (as defined herein).

Opportunity

4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants’ assets and business operations (the “**Opportunity**”), including Humble & Fume Inc.’s minority equity interest (the “**HCSHI Minority Interest**”) in HC Solutions Holdings, Inc. a Delaware corporation (“**HCSHI**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all or one or more components of the Applicants’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).

5. This document describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Monitor and how Court approval will be obtained in respect of a Transaction.
6. The SISP contemplates a one-stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).
7. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.
8. In the SISP, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

Timeline

9. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Commencement date	Immediately following the granting of the SISP Order
Bid Deadline	February 23, 2024
Auction Date	February 29, 2024
Sale Approval Motion (as defined below) in CCAA Court	Forthwith
Closing of the Transaction	7 days after the granting of the Sale Approval Order

10. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Applicants.

Solicitation of Interest: Notice of the SISP

11. As soon as reasonably practicable:

- a. the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in a Transaction pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, “**Known Potential Bidders**”);
 - b. the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the “**Notice**”) to be published in Insolvency Insider, the Monitor’s website, and any other newspaper, journal, website or media outlet as the Applicants, in consultation with the Monitor, consider appropriate, if any; and
 - c. the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel (an “**NDA**”).
12. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

13. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), other than the Stalking Horse Bidder, must provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
14. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room containing information about the Applicants, the Property and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in

consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

15. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

HCSHI Minority Interest Opportunity

16. Prior to providing access to the due diligence materials to parties interested in the HCSHI Minority Interest Opportunity, the Monitor shall consult with (i) the majority shareholder of HCSHI, (ii) the minority shareholder of HCSHI and (iii) Jakob Ripshtein (collectively the “**Consulting Parties**”) with respect to considering whether the admission of a Known Potential Bidder to the due diligence materials in respect of the HCSHI Minority Interest Opportunity is appropriate in the circumstances if it would create commercial, competitive and/or confidentiality concerns that would make it unlikely that a successful transaction could be completed. The Monitor in making such a determination shall take into consideration the decision of the majority of the Consulting Parties.
17. As part of the SISP, Potential Bidders may wish to review information related to the HCSHI Minority Interest Opportunity. On account of the corporate structure of HCSHI and agreements with the majority shareholder of HCSHI the amount of information that the Applicants may disclose to Potential Bidders may be limited. The Monitor shall consult with the Consulting Parties and shall take into consideration the decision of the majority of the Consulting Parties as the amount of information that the Applicants can disclose to Potential Bidders.
18. By participating in the SISP and potentially acquiring the HCSHI Minority Interest Opportunity, Potential Bidders acknowledge and confirm that they will be governed by the terms of the agreements entered into by Humble Parent as the minority shareholder of HCSHI.

Formal Binding Offers

19. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with all of the following requirements to the Monitor and Applicants’ counsel at the addresses specified in Schedule “1” hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST) on** February 23, 2024 or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders, with the approval of the Applicants (the “**Bid Deadline**”):
 - a. the Bid must be either a binding offer to:
 - i. acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”); and/or

- ii. make an investment in, restructure, reorganize or refinance the Business or the Applicants (an “**Investment Proposal**”); or
 - iii. carry out any combination of a Sale Proposal and an Investment Proposal by one or more parties acting together or separately;
- b. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and is consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Bidders;
- c. the Bid includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- d. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the “**Purchase Price**”), together with all exhibits and schedules thereto;
- e. the Bid is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;
- f. the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder’s financial and other capabilities to consummate the proposed transaction;
- g. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, but may be conditioned upon the Applicants receiving the required approvals or amendments relating to the licenses required to operate the business, if necessary;
- h. the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;
- i. for a Sale Proposal, the Bid includes:
 - i. the purchase price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;

- ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;
 - iv. a description of the conditions and approvals required to complete the closing of the transaction;
 - v. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction.
- j. for an Investment Proposal, the Bid includes:
- i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
 - ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars.
 - iii. the underlying assumptions regarding the pro forma capital structure;
 - iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the transaction;
 - v. a description of the conditions and approvals required for the Bidder to complete the closing of the transaction;
 - vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - vii. any other terms or conditions of the Investment Proposal.
- k. the Bid includes acknowledgements and representations of the Bidder that the Bidder:
- i. is completing the Transaction on an “as is, where is” basis;
 - ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its Bid;

- iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
 - iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;
- l. the Bid is received by the Bid Deadline; and
 - m. the Bid contemplates closing the Transaction set out therein 7 days following the granting of the Sale Approval Order.
20. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants, will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed not to be Qualified Bids without the approval of the Monitor. Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
21. The Stalking Horse Bid shall be deemed to be a Qualified Bid.
22. The Monitor may only designate a Bid as a Qualified Bid where the proposed purchase price is equal to or greater than that contained in the Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus \$125,000CAD.
23. The Monitor, in consultation with the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. The Monitor and the Applicants will be under no obligation to negotiate identical terms with, or extend identical terms to, each Bidder.
24. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.
25. The Monitor may, in consultation with the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Competing Bids

26. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transactions, (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, (vii) the likelihood and timing of consummating such Transaction, each as determined by the Applicants and the

Monitor and (viii) any other factor deemed relevant by the Monitor in consultation with the Applicants.

Auction

27. If the Monitor receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
28. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the “**Qualified Parties**”), shall be eligible to participate in the Auction. No later than 5:00 p.m. (EST) on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bidder shall be the Successful Bid (as defined below).

Auction Procedure

29. The Auction shall be governed by the following procedures:
 - a. **Participation at the Auction.** Only the Applicants, the Qualified Parties, including the Stalking Horse Bidder, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (EST) two (2) Business Days after the Bid Deadline. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;
 - b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;
 - c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the “**Initial Bid**”), and any bid made at the Auction by a Qualified Party subsequent to the Monitors announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of \$125,000CAD for the first bid and then in cash increments of \$50,000CAD for each subsequent bid;
 - d. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity

- of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction by video conference room, or such other method of communication the Monitor advises; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;
- e. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s); and
 - f. **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded.
 - g. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Selection of Successful Bid

30. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:
- a. review and evaluate each Qualified Bid, considering the factors set out in paragraph 19 and any other factor that the Applicants or the Monitor may reasonably deem relevant, provided that each Qualified Bid may be negotiated among the Monitor in consultation with the Applicants and the Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and
 - b. identify the highest or otherwise best bid received at the Auction (the “**Successful Bid**” and the Qualified Party making such bid, the “**Successful Party**”).
31. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with the Applicants, subject to the milestones set forth in paragraph 9.

Sale Approval Motion Hearing

32. At the hearing of the motion to approve any transaction with a Successful Party (the “**Sale Approval Motion**”), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid, through a vesting order and/or reverse vesting order. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

33. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
34. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders.

Supervision of the SISP

35. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Qualified Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.
37. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lender, or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.
38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
39. The Monitor, in consultation with the Applicants, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

Deposits

40. All Deposits received pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Monitor elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Monitor or the Applicants pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.

Schedule “1”

Address of Monitor

To the Monitor:

Deloitte Restructuring Inc.

8 Adelaide Street West, Suite 200
Toronto, ON, Canada, M5H 0A9

Attention: Todd Ambachtsheer and Jordan Sleeth

Email: tambachtsheer@deloitte.ca
jsleeth@deloitte.ca

with a copy to:

Cozen O’Connor LLP

Bay Adelaide Centre – North Tower
40 Temperance Street, Suite 2700
Toronto, Ontario M5H 0B4

Attention: Steven Weisz, Heidi Esslinger, and Dilina Lallani

Email: sweisz@cozen.com
hesslinger@cozen.com
dlallani@cozen.com

APPENDIX "C"

STALKING HORSE PURCHASE AGREEMENT

This Agreement is made as of the 23rd day of January, 2024 (the “**Effective Date**”)

BY AND AMONG:

HUMBLE & FUME INC., a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the “**Company**”)

- and -

1000760498 ONTARIO INC., a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the “**Purchaser**”)

WHEREAS, pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued January 5, 2024 (as amended on January 12, 2024, and as may be further amended or amended and restated from time to time, the “**Initial Order**”), the Company, Humble & Fume Inc. (“**Humble MB**”), B.O.B. Headquarters Inc. (“**BobHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), P.W.F. Holdco Inc. (“**PWF**”) and Windship Trading LLC (“**Windship**” and together with the Company, Humble MB, BobHQ, HCS, Fume Labs and PWF, collectively, the “**Humble Group**”) were granted, among other things, creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”) and Deloitte Restructuring Inc. was appointed as Monitor of the Humble Group (in such capacity, the “**Monitor**”);

AND WHEREAS, in connection with the proceedings initiated by the Initial Order (the “**CCAA Proceedings**”), the Humble Group intends to seek the approval of the Court to run a stalking horse sale and investment solicitation process (as further described in Schedule “**F**”, attached hereto, the “**SISP**”) pursuant to which this Agreement will serve as the Stalking Horse Bid for the Purchased Shares (each as defined herein);

AND WHEREAS, in the event that this Agreement is selected as the Successful Bid (as defined herein) in the SISP, the Company has agreed to issue, sell and transfer to the Purchaser, and the Purchaser has agreed to subscribe for and purchase from the Company, the Purchased Shares (as defined herein), subject to and in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

**ARTICLE 1
INTERPRETATION****1.1 Definitions**

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Administration Charge**” has the meaning set out in the Initial Order.

“**Administrative Wind-down Amount**” means cash in the amount of \$50,000 to be used to satisfy costs incurred by the Monitor and its professional advisors, and the professional advisors of the Humble Group and ResidualCo: (a) to administer ResidualCo and the Excluded Assets and Excluded Liabilities; and (b) to wind-down and/or dissolve ResidualCo.

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act* (Ontario).

“**Agreement**” means this purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“**Approval and Vesting Order**” means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction.

“**Assumed Contracts**” means the Contracts listed in Schedule “**H**”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Assumed Contracts may be amended, restated, supplemented or otherwise modified from time to time).

“**Auction**” has the meaning set out in Section 5.1(e).

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“**Bid Deadline**” has the meaning set out in Schedule “**F**”.

“**BobHQ**” means B.O.B. Headquarters Inc., a corporation formed pursuant to the laws of the Province of Manitoba.

“**Books and Records**” means: (i) all of the Humble Group’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company or any other member of the Humble Group or any of their respective Affiliates including information, documents and records relating to the Assumed Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and

former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Business**” means the business conducted by the Humble Group, being a fully integrated distributor of cannabis and cannabis accessories with operations across North America and its head office located in Toronto, Ontario.

“**Business Day**” means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Charge Amount**” means cash in an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the CCAA Charges at the Closing Time.

“**CCAA Charges**” means the Administration Charge and the Directors’ Charge.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Company, after the date upon which the conditions set forth in Article 9 have been satisfied or waived, other than any conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Company and the Purchaser in writing).

“**Closing Time**” means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Consolidation and Cancellation**” means the consolidation of all Purchased Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional Purchased Shares and Existing Shares in accordance with Article 2.

“**Consolidation Ratio**” means the ratio by which all Purchased Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Company and the Monitor, given the intended effect of the Transaction.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any member of the Humble Group is a party or is bound or in which any member of the Humble Group has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“**Company**” means Humble & Fume Inc., a corporation incorporated pursuant to the laws of the Province of Ontario.

“**Court**” has the meaning set out in the recitals hereto.

“**Debenture Debt**” means all of the indebtedness and obligations owing by the Company under the Debentures.

“**Debentures**” means the convertible subordinated secured debentures issued by the Company on June 13, 2023.

“**DGC Debt**” means all of the indebtedness and obligations owing by the Humble Group to DGC Investments Inc. under the DGC Loan Agreement.

“**DGC Loan Agreement**” means the loan agreement dated September 1, 2022 among DGC Investments Inc., as lender, the Company, as borrower, and Humble MB, PWF, Windship, BobHQ, Fume Labs and HCS, as guarantors.

“**DIP Loan**” means all of the indebtedness and obligations owing by the Humble Group under the DIP Term Sheet.

“**DIP Term Sheet**” means the debtor-in-possession term sheet dated as of the date hereof, among the Purchaser, as lender, and the members of the Humble Group, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

“**Directors’ Charge**” “has the meaning set out in the Initial Order.

“**Discharge**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Effective Date**” has the meaning set out in the preamble hereto.

“**Employee**” means any individual who is employed by any member of the Humble Group as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty excludes any employee whose employment will be terminated pursuant to Section 9.2(f).

“**Employee Priority Claims**” means any Claim for: (i) accrued and unpaid wages and vacation pay owing to an employee of any member of the Humble Group whose employment was terminated between the Filing Date and the Closing Date, including the Terminated Employees; and (ii) unpaid amounts provided for in Section 6(5)(a) of the CCAA.

“**Encumbrance**” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“**Equity Interests**” has the meaning set out in section 2(1) of the CCAA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement to shares in the capital of the Company, but, for greater certainty, does not include the Post-Consolidation Shares.

“**Excise Tax Act**” means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

“**Excluded Assets**” means the properties, rights, assets and undertakings of the Humble Group listed as “Excluded Assets” on Schedule “A”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

“**Excluded Asset Bill of Sale**” has the meaning set out in Section 4.1.

“**Excluded Contracts**” means those Contracts and other agreements of the Humble Group that are not Assumed Contracts and for greater certainty, includes those Contracts and agreements which are listed on Schedule “B”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; provided, however, that none of the HCSHI Documents will be listed as or otherwise deemed to be an Excluded Contract.

“**Excluded Liabilities**” has the meaning set out in Section 2.2(a).

“**Excluded Liabilities Assumption Agreement**” has the meaning set out in Section 4.2.

“**Existing Shares**” means all of the common shares of the Company that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, does not include the Purchased Shares or the Post-Consolidation Shares.

“**Fume Labs**” means Fume Labs Inc., a corporation formed pursuant to the laws of the Province of Ontario.

“**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

“**HCS**” means Humble Cannabis Solutions Inc., a corporation formed pursuant to the laws of the Province of Ontario.

“**HCSHI**” means HC Solutions Holdings, Inc. a corporation formed pursuant to the laws of the state of Delaware in the United States of America, and its Affiliates.

“**HCSHI Claim or Encumbrance**” means any Claim or Encumbrance by or in favour of a Person arising under or in connection with an HCSHI Document or relating to the HCSHI Shares.

“**HCSHI Document**” means: (i) the HCSHI Stockholder Agreement; (ii) any document, agreement or understanding between or among the Humble Group and HCSHI, Green Acre Capital Distribution Corp, Green Acre Capital Distribution Corp. II or JThree Investments LLC relating to or entered into in connection the HCSHI Stockholder Agreement or HCSHI, in each case as amended from time to time.

“**HCSHI Shares**” means the shares and Equity Interests in HCSHI owned by the Humble Group.

“**HCSHI Stockholder Agreement**” means [conformed agreement to be referenced], as amended, restated or amended and restated from time to time.

“**Humble Group**” has the meaning set out in the recitals hereto.

“**Humble MB**” means Humble & Fume Inc., a corporation formed pursuant to the laws of the Province of Manitoba.

“**Income Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Initial Order**” has the meaning set out in the recitals hereto and includes any amended and restated versions of such order.

“**Interim Period**” means the period beginning on the Effective Date and ending at the Closing Time.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Monitor**” has the meaning set out in the recitals hereto.

“**Monitor’s Certificate**” means a certificate signed by the Monitor to be filed with the Court following Closing substantially in the form attached to the Approval and Vesting Order.

“**Organizational Documents**” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“**Outside Date**” means 11:59 pm (Toronto time) on April 15, 2024 or such later date and time as the Company and the Purchaser may agree to in writing.

“**Parties**” means the Company and the Purchaser, and “**Party**” means either of them.

“**Permits and Licenses**” means the orders, permits, licenses, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company or any other member of the Humble Group, by any Governmental Authority, including those related to the Business, the Retained Assets and the Assumed Contracts, and explicitly including those listed on Schedule “**E**”, attached hereto.

“**Permitted Encumbrances**” means those Encumbrances related to the Retained Assets set forth on Schedule “**D**”, as the same may be modified by the Purchaser prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“**Post-Consolidation Shares**” means the common shares of the Company that will remain after the Consolidation and Cancellation, which shall: (a) represent 100% of the issued and outstanding common shares of the Company after the Consolidation and Cancellation; and (b) be solely owned and controlled by the Purchaser.

“Pre-Closing Reorganization” means the transactions, acts or events described in Exhibit “A”, as the same may be modified by the Parties prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order, which, unless otherwise expressly provided therein, are to occur immediately prior to the Closing Time.

“Professional Fees” has the meaning set out in Section 5.1(b).

“Priority Payments” means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA, and the amounts owing under the Employee Priority Claims.

“Purchase Price” has the meaning set out in Section 3.1.

“Purchased Shares” means the common shares of the Company issued to the Purchaser in exchange for the Purchase Price in accordance with the Pre-Closing Reorganization.

“Purchaser” means 1000760498 Ontario Inc., a corporation formed pursuant to the laws of the Province of Ontario.

“PWF” means P.W.F. Holdco Inc., a corporation formed pursuant to the laws of the State of Delaware.

“Released Claims” means all claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including “claims” as defined in the CCAA and including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

“ResidualCo” means a corporation to be incorporated, to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

“ResidualCo Shares” means all of the issued and outstanding shares of ResidualCo.

“Retained Assets” has the meaning set out in Section 4.1.

“Retained Liabilities” means: (a) Liabilities specifically and expressly designated by the Purchaser as retained Liabilities in Schedule “G”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; (b) the Secured Debt; (c) HCSHI Claims and Encumbrances; (d) all Liabilities and Encumbrances which rank in priority to the Secured Debt to the extent that such Liabilities and Encumbrances are not paid and satisfied at or prior to Closing; and (e) all Liabilities which relate to: (i) the Business under any Assumed Contracts; (ii) any Permits and Licences forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

“SISP” means the sale and investment solicitation process, to be conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule “F” hereto.

“SISP Order” means an order of the Court, in form and substance acceptable to the Purchaser, approving, among other things: (a) the SISP; (b) this Agreement as the Stalking Horse Bid in the SISP; and (c) the Professional Fees.

“**Stalking Horse Bid**” has the meaning set out in Section 5.1(a).

“**Secured Debt**” means, collectively, the DIP Loan, the DGC Debt and the Debenture Debt.

“**Successful Bid**” has the meaning set out in Section 5.1(e).

“**Successful Bidder**” has the meaning set out in Section 5.1(e).

“**Taxes**” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“**Terminated Employee**” means those Employees whose employment will be terminated prior to Closing pursuant to Section 9.2(f), as determined by the Purchaser by written notice to the Company at least ten (10) Business Days prior to the Closing Date.

“**Transaction**” means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Shares.

“**Windship**” means Windship Trading LLC., a corporation formed pursuant to the laws of the State of Texas.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Company or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to “\$”, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

EXHIBITS

Exhibit A - Pre-Closing Reorganization

SCHEDULES

Schedule A - Excluded Assets
Schedule B - Excluded Contracts
Schedule C - Excluded Liabilities
Schedule D - Permitted Encumbrances
Schedule E - Permits and Licenses
Schedule F - SISP and Bidding Procedures
Schedule G - Retained Liabilities
Schedule H - Assumed Contracts

The Parties acknowledge that as of the Effective Date, the Schedules (other than Schedules E and F) are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Company with a copy to the Monitor.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Purchased Shares

Subject to the terms and conditions of this Agreement, effective immediately prior to the Closing Time, the Company shall take the following steps:

- (a) **Share Issuance**. The Purchaser shall subscribe for and purchase from the Company, and the Company shall issue, assign and transfer to the Purchaser, the Purchased Shares in a number to be determined by the Purchaser, acting reasonably and in consultation with the

Company and the Monitor, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.

- (b) Share Consolidation. The Company's Organizational Documents shall be amended to, among other things: (i) consolidate the Purchased Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the Purchased Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (c) Share Cancellation. Any fractional Purchased Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Company's Organizational Documents shall be altered as necessary to achieve such cancellation.
- (d) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Interests shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.

2.2 Excluded Liabilities of the Company

- (a) Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Humble Group or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "C", (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Humble Group or the Retained Assets, Employees, Permits and Licenses, or Books and Records following the Closing Time.
- (b) Subject to the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Vesting Order, and the Humble Group, the Retained Assets, and the Humble Group's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The total aggregate consideration payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”) shall be equal to all amounts outstanding and obligations payable by the Humble Group under or in connection with the Secured Debt, including principal and interest accrued through to and including the Closing Date, plus any fees and expenses associated therewith, plus the value of the Retained Liabilities. As at the Effective Date, the Secured Debt is equal to \$3,727,978.

3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied on the Closing Date by the Purchaser assuming the Secured Debt and retaining the Retained Liabilities and performing and/or discharging such amounts as and when they become due.

3.3 Closing Payment

- (a) On the Closing Date, the Purchaser shall pay to the Monitor an amount equal to the sum of: (i) the Priority Payments; (ii) the CCAA Charge Amount; and (iii) the Administrative Wind-down Amount (collectively, the “**Closing Payment**”). The Monitor shall hold the Closing Payment in trust for the benefit of Persons entitled to be paid from the Closing Payment.
- (b) Following the Closing, the Monitor may utilize the Closing Payment to pay and satisfy the Priority Payments, all amounts owing under the CCAA Charges, and the costs incurred in connection with the administration and wind-down of ResidualCo, in its sole discretion and without further authorization from the Humble Group or the Purchaser. Any unused portion of the Closing Payment shall be returned by the Monitor to the Purchaser.
- (c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of Company and the Purchaser acknowledges and agrees that: (i) the Monitor’s obligations hereunder are and shall remain limited to those specifically set out in this Section 3.3; and (ii) the Monitor is acting solely in its capacity as the CCAA Court-appointed Monitor of the Humble Group pursuant to the Initial Order and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor’s gross negligence or intentional fault. The Parties further acknowledge and agree that the Monitor may rely upon the provisions of this Section 3.3 notwithstanding that the Monitor is not a party to this Agreement.

ARTICLE 4 TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Humble Group shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including the HCSHI Shares, equipment and other personal property, the Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the “**Retained Assets**”), excluding inventory sold in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order

and the DIP Term Sheet. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts, which the Humble Group shall transfer to ResidualCo, in accordance with the Pre-Closing Reorganization, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order as evidenced by a bill of sale and assignment of contracts (the “**Excluded Assets Bill of Sale**”).

4.2 Transfer of Excluded Liabilities to ResidualCo

In accordance with the Pre-Closing Reorganization and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo as evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Company (the “**Excluded Liabilities Assumption Agreement**”). Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Shares, the Company and the Retained Assets as of and from and after the Closing Time.

4.3 Tax Matters

Pursuant to the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

Notwithstanding anything to the contrary in this Agreement, the Purchase Price is exclusive of GST/HST, and the Purchaser shall be responsible for the payment, on Closing, of any GST/HST required to be paid or remitted in connection with the consummation of the Transaction contemplated by this Agreement. If applicable, the Company and the Purchaser shall jointly elect that no GST/HST is payable pursuant to the Sales Tax Legislation with respect to the Transaction and the Purchaser will file an election pursuant to section 167 of the Sales Tax Legislation, prepared by the Purchaser and made jointly by the Purchaser and the Company (the “**Section 167 Election**”).

4.4 Release by Purchaser

Except in connection with any obligations of Company or the Monitor contained in this Agreement, effective as of the Closing, the Purchaser, on its own behalf and on behalf of its Affiliates, hereby releases and forever discharges the Company, the Monitor, and their respective Affiliates, and each of their respective successors and assigns, and all present and former officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to the Business, the Purchased Shares or the Retained Liabilities, save and except for Released Claims arising out of fraud, gross negligence, willful misconduct, bad faith or illegal acts.

ARTICLE 5 SISP, BIDDING PROCEDURES

5.1 SISP

- (a) The Company shall bring a motion for the SISP Order to be heard on or before January 25, 2024. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or “stalking horse bid” in respect of the Purchased Shares (the “**Stalking Horse Bid**”); and (ii) as a deemed “Qualified Bid”, with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined below). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of

determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may be the Successful Bid for the Purchased Shares and the Retained Assets.

- (b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to repayment of all professional fees, disbursements and expenses of any kind or nature whatsoever incurred in connection with this Agreement, the SISP, and the Transaction, to a maximum amount of \$75,000 (the "**Professional Fees**"); which shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid. For certainty, the Professional Fees do not form part of the Purchase Price.
- (c) The payment of the Professional Fees shall be approved in the SISP Order and shall, if payable pursuant to Section 5.1(b), be payable to the Purchaser, on behalf of the Company, within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.
- (d) In the event that one or more Persons submits a Qualified Bid (as defined in the SISP) on or before the Bid Deadline, the Company, in consultation with the Monitor, shall determine if an auction (the "**Auction**") is necessary in order to determine and select a winning bid (the "**Successful Bid**" and the Person submitting such bid being the "**Successful Bidder**"). Upon the selection of a Successful Bidder, there shall be a binding agreement of purchase and sale between the Successful Bidder and the Company. The Company shall forthwith bring a motion following the selection of the Successful Bidder for an order approving the agreement reached with the Successful Bidder and to vest the Purchased Shares in the Successful Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (e) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the other Successful Bid: (i) this Agreement shall be terminated (subject to Section 10.2 and the Purchaser's entitlement to the Professional Fees); (ii) the Purchaser shall be entitled to the Professional Fees; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.
- (f) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Company

The Company hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

- (b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.
- (c) No Conflict. The execution, delivery and performance by the Company of this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company, any agreement binding on the Company or any Applicable Law applicable to the Company, the Humble Group or any of its Affiliates, the Purchased Shares or the Retained Assets, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending against the Company or, to the knowledge of the Company, threatened, with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement, and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.
- (f) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (g) Residency. The Company is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.
- (h) Authorized and Issued Capital and Title to Purchased Shares. Immediately following the Closing Time, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Company and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. Immediately following the Closing Time, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable; (ii) issued by the Company in compliance with all Applicable Laws; and (iii) there will be no issued and outstanding common shares or other securities of the Company other than the Post-Consolidation Shares nor will there be any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Company.
- (i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any of the Purchased Shares or the Retained Assets.

- (j) Sophisticated Party. The Company (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company as of the date hereof and as of the Closing Time, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending or, to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) Sophisticated Party. Purchaser (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

6.3 As is, Where is

The representations and warranties of the Company shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's sole recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "as is, where is" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

ARTICLE 7 COVENANTS

7.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

7.2 Motion for Approval and Vesting Order

As soon as practicable after the selection of this Agreement as the Successful Bid in the SISP and in any event by no later than March 15, 2024, the Company shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and release the officers and directors of the Company, its advisors, the Monitor and the Monitor's counsel. The Company shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Company in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

7.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Pre-Closing Reorganization), the Humble Group shall comply with the terms of the DIP Term Sheet and continue to maintain the Business and operations of the Humble Group and the Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences.

7.4 Access During Interim Period

During the Interim Period, the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Company's customers and contractual counterparties. Subject to any Professional Fees incurred in connection with any such investigations, inspections, surveys, and tests, which shall be reimbursed in accordance with Article 5 hereof, all investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

7.5 Insurance Matters

Until Closing, the Company shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the Company in the ordinary course of business.

7.6 ResidualCo

On the Closing Date, the Company shall convey the ResidualCo Shares to the Monitor to hold the ResidualCo Shares as agent and bare trustee on behalf of the common shareholders of the Company immediately prior to the Consolidation and Cancellation. For greater certainty, the Monitor shall not have any obligation or duties to take any actions, steps or otherwise in respect of the ResidualCo Shares, subject to direction from the Monitor, or Order of the Court in the CCAA Proceedings.

ARTICLE 8 CLOSING ARRANGEMENTS

8.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

8.2 Pre-Closing Reorganization

- (a) Subject to the other terms of this Agreement, the Company shall effect the Pre-Closing Reorganization on the terms and using the steps set out at Exhibit "A"; *provided that* the Purchaser and Company shall cooperate to ensure that the Pre-Closing Reorganization is completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser.
- (b) The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

8.3 Company's Closing Deliverables

At or before the Closing Time, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) evidence of the completion of the Pre-Closing Reorganization, including: (i) confirmation of the due incorporation and organization of ResidualCo; and (ii) evidence of the filing of the amendment to Organizational Documents, as set out in Section 2.1;
- (c) share certificates representing the Post-Consolidation Shares;
- (d) the Excluded Liability Assumption Agreement, signed by the Company and ResidualCo;
- (e) the Excluded Asset Bill of Sale, signed by the Company and ResidualCo;
- (f) the Section 167 Election, if applicable;
- (g) a certificate of an officer of the Company dated as of the Closing Date confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Company has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time;

- (h) the Organizational Documents of the Company and the corporate Books and Records;
- (i) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

8.4 Purchaser's Closing Deliverables

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Company (or to the Monitor, as applicable), the following:

- (a) payment of the Purchase Price in the form of an assumption of the Secured Debt;
- (b) payment of the Closing Payment to the Monitor by wire transfer of immediately available funds;
- (c) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time; and
- (d) such other agreements, documents and instruments as may be reasonably required by the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 9 CONDITIONS OF CLOSING

9.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, vacated, subject to appeal, or leave to appeal and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction;
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (d) Monitor's Certificate. The Monitor shall have delivered the Monitor's Certificate confirming that all conditions to Closing have either been satisfied or waived by both the Purchaser and the Company.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 9.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

9.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the SISP.
- (b) Pre-Closing Reorganization. The Pre-Closing Reorganization shall have been completed in the order and in the timeframes contemplated hereunder.
- (c) Company's Deliverables. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.
- (d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (e) No Breach of Covenants. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company on or before the Closing Date.
- (f) Employees. The Company shall have terminated, and shall have caused the other entities in the Humble Group to have terminated, the employment of any Employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order.
- (g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets, if any; and (iii) the Humble Group, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Retained Liabilities, if any) such that, from and after Closing the Business and property of the Humble Group shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (h) Partial Termination of CCAA Proceedings. Upon Closing, the CCAA Proceedings shall have been terminated in respect of the Humble Group, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo.

- (i) Disclaimer of Excluded Contracts. The Humble Group shall have sent notices of disclaimer for all known Excluded Contracts, and such known Excluded Contracts shall form part of the Excluded Assets.
- (j) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Company to terminate this Agreement.

9.3 Conditions Precedent in favour of the Company

The obligation of the Company to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 9.3 may be waived by the Company in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Company only if made in writing, provided, however that any condition relating to the performance of covenants and agreements by the Purchaser with respect to the HCSHI Shares, HCSHI Documents or HCSHI Claims or Encumbrances may not be waived without approval of the Court. If any condition set forth in this Section 9.3 is not satisfied or performed on or prior to the Outside Date, the Company may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 10 TERMINATION

10.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Company (with the consent of the Monitor) and the Purchaser;

- (b) by the Company (with the consent of the Monitor) or the Purchaser, if there has been a material violation or breach by the other Party of any agreement, covenant, representation or warranty of such Party in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Article 8, by the Outside Date and such violation or breach has not been waived by the non-breaching Party or cured within five (5) Business Days after written notice thereof from the non-breaching Party to the breaching Party; or
- (c) by the Company (with the consent of the Monitor) or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Vesting Order is not obtained on or before March 15, 2024 (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1 or 5.1(e), all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 10.2; and (b) Section 5.1 with respect to the Purchaser's entitlement to the Professional Fees. Notwithstanding the foregoing, if this Agreement is terminated by the Company pursuant to Section 10.1(b), the Purchaser shall not be entitled to receive the Professional Fees and nothing in this Agreement shall absolve the Purchaser of liability for the violation or breach giving rise to such termination.

ARTICLE 11 GENERAL

11.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of the ResidualCo) to comply with Applicable Law, the Purchaser shall, and shall cause the Company to, retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the ResidualCo, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

11.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

1000760498 Ontario Inc.
2 Bloor Street W, Suite 2006
Toronto, ON, Canada
M4W 3E2

Attention: Shawn Dym

Email: sdym@yorkplains.com

with a copy to:

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide St. W, Toronto, ON, Canada
M5H 4E3

Attention: Jasmine Lothian
Email: jlothian@blg.com

(b) in the case of the Company, as follows:

Humble & Fume Inc.
1 Eva Road, Suite 416
Etobicoke, Ontario M9C 4Z5

Attention: Jakob Ripshtein
Email: jakob@humbleandfume.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON M5H 4A9

Attention: Larry Ellis / Sam Massie
Email: lellis@millertomson.com / smassie@millertomson.com

(c) in each case, with a further copy to the Monitor as follows:

Deloitte Restructuring Inc.
Suite 200, 8 Adelaide Street West
Toronto, ON M5H 0A9

Attention: Jordan Sleeth / Todd Ambachtsheer
Email: jsleeth@deloitte.ca / tambachtsheer@deloitte.ca

with a copy to:

Cozens O'Connor LLP
Bay Adelaide Centre, North Tower
Suite 2700, 40 Temperance Street
Toronto, ON M5H 0B4

Attention: Steven Weisz
Email: sweisz@cozen.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above;

provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

11.3 Public Announcements

The Company shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Company in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Company or any of its Affiliates under Applicable Laws or stock exchange rules, the Company shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

11.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

11.5 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

11.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

11.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any material respect except by written instrument executed by the Company and the Purchaser and with the approval of the Monitor or the Court.

11.8 Paramourty

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

11.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

11.10 Assignment

- (a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Company, ResidualCo or the Monitor, provided that: (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Company and the Monitor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.
- (b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Company without the consent of the Purchaser.

11.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

11.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

11.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

11.14 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith.

11.15 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in the CCAA Proceedings, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Humble Group and not in its personal or corporate capacity, will have no Liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[Signature Page Follows]


IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

1000760498 ONTARIO INC.

By: 
63CE4BEB98204EF...
Name: Shawn Dym
Title: President

I have authority to bind the Corporation.

HUMBLE & FUME INC.

By: 
0AE7986CE32D413...
Name: Jakob Ripshtein
Title: Chief Executive Officer

I have authority to bind the Corporation.

EXHIBIT "A"
PRE-CLOSING REORGANIZATION

Pre-Closing

1. ResidualCo shall be incorporated by the Company with nominal consideration for common shares and shall be added to the CCAA Proceedings as an Applicant, but shall take no other steps or actions in respect thereof.

Upon Closing

The following steps shall be deemed to happen concurrently:

1. The Purchased Shares shall be issued to the Purchaser and the Consolidation and Cancellation shall be effected in accordance with Section 2.1 of this Agreement.
2. The Excluded Assets and Excluded Liabilities shall be transferred to and shall vest in ResidualCo pursuant to the Excluded Asset Bill of Sale, the Excluded Liabilities Assumption Agreement and the Approval and Vesting Order. All Claims attaching to the Excluded Assets and Excluded Liabilities shall continue to exist against ResidualCo and the Excluded Assets, if any, shall be available to satisfy such Claims.
3. The Corporation shall convey the ResidualCo Shares to the Monitor as agent and bare trustee for the holders of the Existing Shares immediately prior to the Consolidation and Cancellation.

SCHEDULE "A"
EXCLUDED ASSETS

1. Inventory sold in the ordinary course of Business in the Interim Period.
2. Excluded Contracts.

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "B"
EXCLUDED CONTRACTS

The following is a non-exhaustive list of Excluded Contracts:

1.

[Note: Balance of schedule to be completed prior to Closing.]

**SCHEDULE “C”
EXCLUDED LIABILITIES**

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.
2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.
3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.
5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.
6. Any and all Liabilities that are not Retained Liabilities.

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "D"
PERMITTED ENCUMBRANCES

[Note: Balance of schedule to be completed prior to issuance of Approval and Vesting Order.]

**SCHEDULE “E”
PERMITS & LICENSES**

Regulatory Authority	Authorization Type	Details	Licensee	Effective Date	Expiry Date	Registration Number
Alberta Gaming, Liquor & Cannabis	Cannabis Registration	Authorizes holder to operate in accordance with the provisions of the Gaming, Liquor and Cannabis Act and related Regulations	Humble Cannabis Solutions Inc.	March 29, 2023	March 28, 2025	301973-1
General Manager under the Cannabis Control and Licensing Act of British Columbia	Cannabis Marketing Licence	Authorizes holder to act as a marketing licensee to promote cannabis for the purpose of selling it	Humble Cannabis Solutions Inc.	November 10, 2023	December 31, 2024	CM000052

SCHEDULE "F"
SISP AND BIDDING PROCEDURES

[NTD: To be completed]

SCHEDULE "G"
RETAINED LIABILITIES

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "H"
ASSUMED CONTRACTS

The following is a comprehensive list of Assumed Contracts:

[Note: Balance of schedule to be completed prior to Closing.]

CONFIDENTIAL APPENDIX “1”

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HUMBLE
& FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA), B.O.B.
HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS SOLUTIONS INC.,
P.W.F. HOLDCO INC., and WINDSHIP TRADING LLC

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

Proceeding commenced at Toronto

**FIRST REPORT TO THE COURT SUBMITTED
DELOITTE RESTRUCTURING INC., IN ITS
CAPACITY AS MONITOR**

COZEN O'CONNOR LLP

Bay Adelaide Centre – West Tower
333 Bay Street, Suite 1100
Toronto, Ontario M5H 2R2

STEVEN WEISZ - LSO#: 32102C

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Lawyers for the Monitor, Deloitte
Restructuring Inc., in its capacity as Court-
appointed Monitor of Humble & Fume Inc. et
al.