



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED
(the Act)
AND
IN THE MATTER OF
HUMBLE & FUME INC.
ORDER
(Section 144)

BACKGROUND

1. Humble & Fume Inc. (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the Ontario Securities Commission (the **Principal Regulator**) on December 5, 2023.
2. The Issuer has applied to the Principal Regulator pursuant to section 144 of the *Securities Act* (Ontario) for a partial revocation order of the FFCTO.

INTERPRETATION

3. Terms defined in National Instrument 14-101 *Definitions* or National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

REPRESENTATIONS

4. This decision is based on the following facts represented by the Issuer:
 - (a) The Issuer was incorporated under the *Business Corporations Act* (Ontario) on February 15, 2007.
 - (b) The Issuer is a reporting issuer in each of Alberta, British Columbia and Ontario.
 - (c) The Issuer's registered and head office is located at 77 King St. West, TD North Tower, Suite 700, Toronto, Ontario, M5K 1G8, Canada.

- (d) The Issuer is a distributor of cannabis accessories and provides a fully integrated cannabis accessories distribution solution with complete sales, distribution, and trade market support.
- (e) The authorized capital of the Issuer consists of an unlimited number of common shares (the **Common Shares**). As at the date hereof, there are approximately 124,188,060 Common Shares issued and outstanding. The Issuer also has approximately 15,569,500 warrants, 4,176,475 options, 1,849,068 restricted share units and \$1,540,000 in principal amount of subordinated secured convertible debentures outstanding (the **Convertible Debentures**), which Convertible Debentures shall be repaid in connection with the Transaction. The Issuer has no other outstanding securities (including debt securities).
- (f) The Common Shares were listed on the Canadian Securities Exchange (the **CSE**) under the symbol "HMBL". The Common Shares were delisted from the CSE as a result of the failure of the Issuer to meet the continued listing requirements of the CSE on March 20, 2024. The Common Shares are also quoted and currently halted for trading on the OTCQX in the United States under the symbol "HUMBF".
- (g) Following completion of the Transaction (as hereinafter defined), the Issuer intends to apply for a full revocation of the FFCTO.
- (h) The FFCTO was issued as a result of the Issuer's failure to file the following continuous disclosure materials as required by applicable Canadian securities laws:
 - (i) interim financial statements for the period ended September 30, 2023;
 - (ii) management's discussion and analysis relating to the interim financial statements for the period ended September 30, 2023; and
 - (iii) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).(collectively, the **Initial Unfiled Documents**)
- (i) Following the issuance of the FFCTO, the Issuer failed to file the following continuous disclosure materials as required by applicable Canadian securities laws:
 - (i) interim financial statements for the period ended December 31, 2023;
 - (ii) management's discussion and analysis relating to the interim financial statements for the period ended December 31, 2023; and
 - (iii) certification of the foregoing filings as required by NI 52-109.(together with Initial Unfiled Documents, the **Unfiled Documents**)
- (j) In light of ongoing financial difficulties, the Issuer and its subsidiaries (the **Humble Group**) filed for credit protection under the *Companies' Creditors Arrangement Act* (the **CCAA**) and received an order (the **Initial Order**) for creditor protection under

the CCAA from the Ontario Superior Court of Justice (Commercial List) (the **Court**) on January 5, 2024 (the **CCAA Proceedings**).

- (k) Pursuant to the Initial Order, the Court, *inter alia*, appointed Deloitte Restructuring Inc. as monitor (in such capacity, the **Monitor**) of the Humble Group under the CCAA Proceedings.
- (l) On January 24, 2024, the Court granted an order (the **SISP Order**) authorizing the Monitor to conduct, with the assistance of the Issuer, a sale and investment solicitation process intended to solicit interest in the opportunity for a sale of or investment in all or part of the Issuer's assets and business operations.
- (m) On January 23, 2024, the Issuer and 1000760498 Ontario Inc. (the **Purchaser**), entered into a stalking-horse agreement which was amended and restated on March 5, 2024 (as amended, the **Purchase Agreement**), pursuant to which the Purchaser agreed to purchase the shares of the Issuer and the shares of B.O.B. Headquarters Inc. (**BobHq**), a subsidiary of the Issuer, in exchange for the assumption, by the Purchaser, of certain of the Humble Group's secured debt (the **Transaction**).
- (n) On March 7, 2024, the Court approved the Purchase Agreement, as amended, and granted two Sale and Approval and Vesting Orders under the CCAA (the **Vesting Orders**). The Vesting Orders approve the Purchase Agreement and the Transaction noted therein, including, among other things: (i) the sale and issuance by the Issuer of 100,000,000,000 Common Shares (the **Purchased Shares**) to the Purchaser and the transfer of all of the issued and outstanding shares of BobHq to the Purchaser in exchange for the assumption, by the Purchaser, of certain of the Humble Group's secured debt, (ii) authorized the transfer and vesting of all of Humble Group's right, title and interest in certain excluded assets, and excluded liabilities to "Residual Co.", (iii) authorized and directed the Issuer to issue the Purchased Shares to the Purchaser, and vest in the Purchaser, all right title and interest in and to the Purchased Shares, (iv) authorized the termination and cancellation all capital shares, capital stock partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of the Issuer other than the Purchased Shares, and (v) approved a claims process pursuant to which claimants may file claims against the Humble Group.
- (o) The Transaction constitutes a "business combination" under Multilateral Instrument 61-101 (**MI 61-101**) pursuant to which the Purchaser, a related party of the Issuer, will acquire the Humble Group. However, the Transaction is exempt from the formal valuation requirements set out in MI 61-101 as at the time of the Transaction, the securities of the Issuer were not listed or quoted on one of the exchanges or markets specifically identified in MI 61-101. The Issuer did not seek minority shareholder approval for the Transaction as the Court waived any requirements for shareholder approval under the Vesting Orders.
- (p) In connection with carrying out the SISP Order and obtaining the Vesting Orders, the Issuer has engaged in certain acts in furtherance of trades in the securities of the Issuer, including its entry into the Purchase Agreement (the **Acts**), which Acts were taken at the direction of, and with the approval of, and under the supervision of, the Court. Except for the Acts and the Unfiled Documents, the Issuer is not in

default of any requirements of the FFCTO, the securities legislation of any jurisdiction in which the Issuer is a reporting issuer (the **Legislation**), or the rules and regulations made pursuant thereto.

- (q) Since the issuance of the FFCTO, there have not been any material changes in the business, operations or affairs of the Issuer that have not been disclosed to the public apart from matters relating to the CCAA Proceedings and the Transaction, materials for which are available through the Monitor and posted on the Monitor's website.
- (r) As the Transaction will involve trades in securities of the Issuer, the closing of the Transaction is conditional on the partial revocation of the FFCTO.
- (s) The issuance of the Purchased Shares by the Issuer will occur in Ontario.
- (t) The Purchased Shares will not be qualified for distribution to the public under any applicable Canadian securities laws and will be subject to restrictions on transfer in Canada.
- (u) Following completion of the Transaction, all securities of the Issuer will remain subject to the FFCTO until a full revocation of the FFCTO is granted.
- (v) Other than the Transaction, no further trading in securities of the Issuer will be made by the Issuer unless further relief from the FFCTO is sought by the Issuer or a full revocation of the FFCTO is granted.
- (w) Following completion of the Transaction, the Issuer intends to apply for a full revocation of the FFCTO.

ORDER

- 5. The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.
- 6. The decision of the Principal Regulator under the Legislation is that the FFCTO is partially revoked solely to permit the trades in securities of the Issuer (including for greater certainty, acts in furtherance of trades in securities of the Issuer) that are necessary for and are in connection with the Transaction, provided that:
 - (a) prior to completion of the Transaction, the Purchaser will receive:
 - (i) a copy of the FFCTO;
 - (ii) a copy of this order; and
 - (iii) written notice from the Issuer, to be acknowledged by the Purchaser in writing (the **Acknowledgement**), that all of the Issuer's securities, including the securities issued in connection with the Transaction, will remain subject to the FFCTO unless further relief is granted or until a full revocation order is granted, the issuance of which is not certain;
 - (b) the Issuer undertakes to make available a copy of the Acknowledgement to staff of the Principal Regulator upon request; and

- (c) this order will terminate on the earlier of:
- (i) the completion of the Transaction; and
 - (ii) 60 days from the date hereof.

DATED this 19th day of April, 2024.

"Erin O'Donovan"

Erin O'Donovan
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0132