

# **HUMBLE & FUME INC.**

## **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**AND**

## **MANAGEMENT INFORMATION CIRCULAR**

**FOR**

## **THE ANNUAL GENERAL MEETING TO BE HELD ON NOVEMBER 30, 2022**

**OCTOBER 19, 2022**

*This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult your financial, legal, tax or other professional advisor.*

**HUMBLE & FUME INC.**

**77 KING STREET WEST SUITE 700, TD NORTH TOWER,  
TORONTO, ON M5K 1G8**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TAKE NOTICE** that the annual general meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (the “**Common Shares**”) in the capital of Humble & Fume Inc. (the “**Corporation**”) will be held virtually via live audio webcast at <https://web.lumiagm.com/#/290978348>, (password: humble2022), on November 30, 2022 10:00 a.m. (EST), as it may be postponed or adjourned.

The Meeting will be for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended June 30, 2022 and the auditor’s report thereon;
2. to elect the directors of the Corporation as more particularly described in the Circular;
3. to appoint MNP LLP as the auditor of the Corporation until the earlier of the close of the next annual meeting of shareholders of the Corporation or their earlier resignation or replacement, and to authorize the directors of the Corporation to fix the auditor’s remuneration;
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

If you are a Shareholder of record of the Corporation at the close of business on October 13, 2022, you are entitled to receive notice of, participate in, and vote at the Meeting. We encourage you to vote your Common Shares and participate in the Meeting.

**Due to the ongoing concerns related to the spread of the coronavirus (COVID-19) and in order to protect the health and safety of Shareholders, employees, other stakeholders and the community, Shareholders are strongly encouraged to listen to the Meeting via teleconference instead of attending the Meeting in person and to vote on the matters before the Meeting by proxy.**

**We ask that Shareholders also review and follow the instructions of any health authorities of Canada, the Province of Ontario, the City of Toronto and any other place you must travel through to attend the Meeting. Please do not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to or from outside of Canada within the 14 days immediately prior to the Meeting or any adjournment thereof. All Shareholders are strongly encouraged to vote by submitting their completed form of proxy (or voting instruction form) prior to the Meeting by one of the means described in the Circular.**

**The Corporation reserves the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 pandemic and in order to ensure compliance with federal, provincial and local laws and orders including, without limitation: (i) holding the Meeting virtually or by providing a webcast of the Meeting; (ii) hosting the Meeting solely by means**

of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to or from outside of Canada within the 14 days immediately prior to the Meeting or any adjournment thereof; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). We strongly recommend that you review the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 pandemic, the Corporation will not prepare or mail amended materials in respect of the Meeting.

The Board has approved the contents of the Circular. Please review the Circular, as it contains important information about the Meeting, the items of business, and explains who can vote and how to vote.

**DATED** October 19, 2022.

**BY ORDER OF THE BOARD**

(signed) "*Jakob Ripshtein*"

Jakob Ripshtein  
Chairman of the Board, Independent Director

**HUMBLE & FUME INC.**

**77 KING STREET WEST SUITE 700, TD NORTH TOWER,  
TORONTO, ON M5K 1G8**

**MANAGEMENT INFORMATION CIRCULAR  
AS AT OCTOBER 19, 2022**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management (“**Management**”) of Humble & Fume Inc. (the “**Corporation**”) for use at the annual general meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of the Corporation (the “**Common Shares**”) to be held virtually via live audio webcast at <https://web.lumiagm.com/#/290978348> (password: humble2022), on November 30, 2022 10:00 a.m. (EST), as it may be postponed or adjourned, for the purposes set forth in the accompanying notice of the Meeting (the “**Notice**”).

In this Circular, references to “we” and “our” refer to Humble & Fume Inc. References to “intermediaries” refer to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Shareholders.

No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Information contained in this Circular is given as at October 19, 2022, unless otherwise stated and all dollar amounts are expressed in Canadian dollars.

**DETAILS ABOUT THE MEETING**

Shareholder participation at the Meeting is important to the Corporation.

**Due to the ongoing concerns related to the spread of the coronavirus (COVID-19) and in order to protect the health and safety of Shareholders, employees, other stakeholders and the community, Shareholders are strongly encouraged to listen to the Meeting via teleconference instead of attending the Meeting in person and to vote on the matters before the Meeting by proxy.**

The following sections provide detailed information about the Meeting and how Shareholders can participate in the Meeting and vote their Common Shares.

**Meeting Date, Time and Location**

The Meeting will be held virtually via live audio webcast at <https://web.lumiagm.com/#/290978348>, (password: humble2022), on November 30, 2022 10:00 a.m. (EST). The live audio webcast is hosted by Lumi. Registered shareholders and their appointees may access the meeting as follows:

**Web Link:** <https://web.lumiagm.com/#/290978348>  
**Lumi ID:** 290978348  
**Lumi Password:** humble2022

**We ask that Shareholders also review and follow the instructions of any health authorities of Canada, the Province of Ontario, the City of Toronto, and any other place you must travel through to attend the Meeting. Please do not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to or from outside of Canada within the 14 days immediately prior to the Meeting or any adjournment thereof. All Shareholders are strongly encouraged to vote by submitting their completed form of proxy (or voting instruction form) prior to the Meeting by one of the means described in this Circular.**

The Corporation reserves the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 pandemic and in order to ensure compliance with federal, provincial and local laws and orders including, without limitation: (i) holding the Meeting virtually or by providing a webcast of the Meeting; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to or from outside of Canada within the 14 days immediately prior to the Meeting or any adjournment thereof; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). We strongly recommend that you review the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 pandemic, the Corporation will not prepare or mail amended materials in respect of the Meeting.

Please note that you will not be able to vote via teleconference. If you intend to listen to the Meeting via teleconference you must vote by proxy prior to the Meeting. See "General Proxy Information – How to Vote."

### **Participation at the Meeting**

The procedures for participation at the Meeting are different for a Shareholder whose name appears on the Corporation's records as a Shareholder (a "Registered Shareholder") and a non-registered Shareholder whose Common Shares are registered in the name of a nominee, such as a bank, trust company, securities broker or other intermediary (a "Beneficial Shareholder").

#### ***Registered Shareholders***

Registered Shareholders may vote in person at the Meeting, as described below under "General Proxy Information – How to Vote – Registered Shareholders."

#### ***Beneficial Shareholders***

A Beneficial Shareholder that would like to vote at the Meeting must appoint themselves as a proxyholder, as described below under "General Proxy Information – How to Vote – Beneficial Shareholders." Beneficial Shareholders who have not appointed themselves as proxyholders will be able to participate as a guest but will not be able to vote or ask questions at the Meeting.

## **GENERAL PROXY INFORMATION**

### **Who is Seeking my Vote?**

Management is soliciting proxies from Shareholders for the Meeting. The costs incurred in the preparation and mailing of the form of proxy, Notice and this Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

### **Who can Vote?**

Shareholders at the close of business on October 13, 2022 (the "Record Date") are entitled to receive notice of, and to vote at, the Meeting. To the extent a Shareholder transfers the ownership of any of their Common Shares after the Record Date and the transferee of those Common Shares establishes that they own such Common Shares and requests, at least ten days before the Meeting, to be included in the list of Shareholders

eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

A quorum will be present at the Meeting if there are at least two persons present together holding or representing by proxy at least 5% of the total number of votes attaching to the issued Common Shares with voting rights at the Meeting. If any Common Share entitled to be voted at a meeting of Shareholders is held by two or more persons jointly, the persons or those of them who attend the Meeting of Shareholders constitute only one Shareholder for the purpose of determining whether a quorum of Shareholders is present.

### **How to Vote**

The procedures for voting are different for a Registered Shareholder and a Beneficial Shareholder.

#### ***Registered Shareholders***

A Registered Shareholder may vote in person at the Meeting or by proxy or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend in person and vote in their place. The persons named in the enclosed form of proxy are directors and/or officers of the Corporation.

**Each Registered Shareholder submitting a proxy has the right to appoint a proxyholder other than the persons designated in the form of proxy furnished by the Corporation, who need not be a Shareholder, to attend and act for the Registered Shareholder and on the Registered Shareholder's behalf at the Meeting.** To exercise such right, the names of the persons designated by Management should be crossed out and the name of the Registered Shareholder's appointee should be legibly printed in the blank space provided in the enclosed form of proxy or by submitting another appropriate form of proxy.

Registered shareholders can vote by proxy in one of two ways:

- Online at <https://odysseytrust.com/client/humble-fume-2022/>. You will require the CONTROL NUMBER to vote online. If you vote by Internet, do not mail this proxy.
- by mail or hand delivery at Odyssey Trust Company, Trader's Bank Building 702, 67 Yonge Street, Toronto ON M5E 1J8

Registered Shareholders will need to include their 12-digit control number (located on the first page of the proxy form that was sent to them) to identify themselves as a Registered Shareholder.

OdysseyTrust Company ("Odyssey Trust") must receive completed proxy forms not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, before the time set for the holding of the Meeting or any adjournment(s) thereof.

All Common Shares represented at the Meeting by properly completed forms of proxy will be voted or withheld from voting in accordance with the specifications of the Registered Shareholder contained in the proxy. **In the absence of such specification, such Common Shares will be voted in favour of the matters set forth in the Circular.** All Common Shares represented at the Meeting will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment(s) thereof. At the time of printing this Circular, Management knows of no such amendments, variations or other matters to come before the Meeting.

#### ***Beneficial Shareholders***

Certain Common Shares may be held by Beneficial Shareholders. Most intermediaries delegate responsibility for obtaining voting instructions from their clients to Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge typically mails a scannable voting instruction form (the "Voting Instruction Form") in lieu of the form of proxy provided by the Corporation.

Beneficial Shareholders can vote by proxy in the following ways:

- complete and return the Voting Instruction Form to Broadridge;
- call the toll-free telephone number (1-800-474-7493); or
- access Broadridge’s dedicated voting website at [www.proxyvote.com](http://www.proxyvote.com) to deliver their voting instructions.

Broadridge will tabulate the results of all instructions received and provide appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. The Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders cannot use the Voting Instruction Form to vote Common Shares directly at the Meeting.

If you received voting materials from a Corporation other than Broadridge, you need to complete and return the form following the instructions they have provided.

If the Beneficial Shareholder wishes to vote their Common Shares at the Meeting, it must do so as proxyholder for the Registered Shareholder. To do this, the Beneficial Shareholder should enter their name in the blank space on the Voting Instruction Form provided and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Corporation is sending the Notice, this Circular and a voting instruction form or a Proxy, as applicable (collectively, the “**Meeting Materials**”), indirectly through intermediaries to NOBOs and OBOs. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials indirectly through intermediaries to all Beneficial Shareholders. The Corporation does not intend to pay for the fees and expenses of intermediaries for their services in delivering the Meeting Materials to the Beneficial Shareholders in accordance with NI 54-101; Beneficial Shareholders will not receive the materials unless their intermediary assumes the cost of delivery.

### **Changing Your Vote or Appointee**

Registered Shareholders can revoke their previously submitted proxy form by voting at the Meeting. That will automatically revoke their previous proxy (but will not affect a matter on which a vote is taken before such revocation). In addition, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or their attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal and by a director, officer or attorney thereof duly authorized, and deposited either: (i) at

the offices of the Corporation's transfer agent, Odyssey Trust Company, Trader's Bank Building 702, 67 Yonge Street, Toronto ON M5E 1J8, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, before the time set for the holding of the Meeting or any adjournment(s) thereof; or (ii) at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used.

Beneficial Shareholders may revoke their previously submitted voting instructions by contacting their intermediary.

A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Shares, including if you are a nonregistered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders MUST send an email to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) and provide Odyssey Trust with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.

### **Cautionary Statement Regarding Forward-Looking Information**

This Circular contains certain statements or disclosures that may constitute forward-looking information within the meaning of applicable Canadian securities legislation ("**forward-looking information**"). All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Management anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "anticipate", "believe", "can", "could", "expect", "intend", "may", "potential", "shall", "should", "will", "would", or other comparable terminology.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Corporation, including information obtained from third-party industry analysts and other third-party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- receipt of required shareholder and regulatory approvals in a timely manner or at all; and
- receipt and/or maintenance of required licenses and third-party consents in a timely manner or at all; and

In particular, this Circular contains forward-looking information and statements, including forward-looking information and statements pertaining to the following:

- the Meeting;



- proxy solicitation;
- voting procedures;
- the business of the Meeting; and
- the Corporation's incentive plans.

The forward-looking information in statements or disclosures in this Circular is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Corporation to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Corporation including information obtained from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Corporation does not know what impact any of those differences may have, the Corporation's business, results of operations and financial condition may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

- the availability of sources of income to generate cash flow and revenue;
- the dependence on management and directors;
- risks relating to additional funding requirements;
- due diligence risks;
- exchange rate risks;
- potential transaction and legal risks;
- risks relating to laws and regulations applicable to companies operating in the cannabis industry; and
- other factors beyond the Corporation's control as more particularly described in the Corporation's management's discussion and analysis and other documents filed with Canadian securities regulators and available under Corporation's profile at [www.sedar.com](http://www.sedar.com).

The forward-looking statements contained in this Circular are made as of the date hereof. The Corporation is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

The reader is further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires Management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change and such changes may be material, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Shareholders are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, Shareholders are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. The Corporation cautions you that the above list of factors is not exhaustive. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the forward-looking information.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of the date of this Circular, 124,161,329 Common Shares were issued and outstanding, each Common Share carrying one vote in respect of each matter to be voted upon at a meeting of Shareholders. All of the outstanding Common Shares are entitled to be voted at the Meeting and, unless otherwise stated herein, each resolution identified in the accompanying Notice of Meeting will be an ordinary resolution requiring for its approval a majority of the votes in respect of the resolution.

As at the Record Date, to the knowledge of the Corporation, no person owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation except as outlined below.

Shareholder Name	Number of Common Shares Held	Percentage of Common Shares Held <sup>(1)</sup>
Robert Ritchot	23,260,043 <sup>(2)</sup>	18.73%
Green Acre Capital	37,725,463 <sup>(3)</sup>	30.38%

### Notes:

- (1) Calculated based on the number of issued and outstanding Common Shares as of the date of this Circular.
- (2) Including 7,295,346 Common Shares held personally, 7,295,346 Common Shares held by Kimberly Thomas Ritchot, 7,612,622 Common Shares held by RKCB Holdings Ltd., a company wholly-owned and controlled by Mr. Ritchot and Mrs. Thomas-Ritchot, and 1,056,729 Common Shares held by 6191330 Manitoba Ltd, a company wholly-owned and controlled by Mr. Ritchot and Mrs. Thomas-Ritchot.
- (3) Including 18,795,471 Common Shares held by Green Acre Capital Distribution Corp. (which on its own represents 15.14% of the total issued and outstanding Common Shares), 7,164,429 Common Shares held by Green Acre Capital Fund II (Canada) LP, 1,431,000 Common Shares held by Green Acre Capital Fund II (Listed) LP, 960,937 Common Shares held by Green Acre Capital Fund II (Non-Resident) LP and 9,373,626 Common Shares held by Green Acre Capital Fund LP

## FINANCIAL STATEMENTS

In connection with the Meeting, Shareholders are encouraged to read the audited annual financial statements of the Corporation for the year ended June 30, 2022, the report of the auditor thereon and accompanying management's discussion and analysis. Copies of such documents may be obtained by a Shareholder upon request without charge from the CEO of the Corporation. These documents are also available on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com) or <https://odysseytrust.com/client/humble-fume-2022/>.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Corporate Governance

Corporate governance relates to the activities of the board of directors of the Corporation (the “**Board**”), the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Corporation is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional

practices as it deems appropriate.

### **Board of Directors**

It is proposed that Shawn Dym, Matthew Shalhoub, Jakob Ripshtein, Mark Hubler, and Robert Ritchot will be nominated at the Meeting to hold office until close of the next annual meeting of Shareholders or until their successors are duly elected or appointed pursuant to the by-laws of the Corporation, unless their offices are earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) (the “OBCA”) or the Corporation’s by-laws.

NI 58-201 suggests that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors, within the meaning set out under National Instrument 52-110 *Audit Committees* (“NI 52-110”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Corporation. “Material relationship” is defined as a relationship which could, in the view of the Corporation's board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Shawn Dym, Robert Ritchot, and Matthew Shalhoub are not considered “independent.” Jakob Ripshtein and Mark Hubler are expected to be considered “independent” (the “Independent Directors”) as they are free from a direct or indirect material relationship with the Corporation, which could reasonably be expected to interfere with the exercise of their independent judgment as directors. Note that since the commencement of the Corporation’s fiscal year ended June 30, 2022, the Independent Directors will not have worked for the Corporation, received remuneration from the Corporation (other than in his capacity as a director) or had material contracts with or material interests in the Corporation which could interfere with his ability to act in the Corporation’s best interests.

The Board has taken reasonable steps to ensure that adequate structures and processes are in place to permit the Board to function independently of Management. The Board is of the opinion that the size of the Board is adequate and facilitates the efficiency of its deliberations, while ensuring a diversity of opinion and experience. It believes that each and every director is eager to fulfil his or her obligations and assume his or her responsibilities in the Corporation’s best interests, with due regard to the best interests of the Corporation’s shareholders. To enhance its ability to act independently of Management, the independent members of the Board may meet without Management and the non-independent directors as they deem appropriate after board meetings. In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and his or her fiduciary obligations as a director of the Corporation, disclose the nature and extent of his or her interest to the meeting and abstain from voting on the matter at issue. In addition, the members of the Board who are not members of Management are encouraged to obtain advice from external advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board. The Board provides leadership for its independent directors through formal Board meetings, by encouraging independent directors to bring forth agenda items, and by providing independent directors with access to senior management, outside advisors, and unfettered access to information regarding our activities. The relatively small size of the Board facilitates this process.

### ***Directorships***

The following table sets forth the directors of the Corporation who currently hold directorships in other reporting issuers:

<b>Name of Director</b>	<b>Other Issuer</b>
Jakob Ripshtein	Next Stage Cannabis Innovation Inc. Cordova Cann Corp. YourWay Cannabis Brands Inc.

### ***Orientation and Continuing Education***

The Corporation does not provide a formal orientation and education program for new directors. However, any new directors will have the opportunity to become familiar with the Corporation by meeting with the other directors and officers of the Corporation.

In addition, the Corporation does not provide continuing education for its directors. However, new directors, if any, will be briefed on the Corporation's strategic plans, short, medium, and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies.

### ***Ethical Business Conduct***

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation, the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation may also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Ontario), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors, which evoke such a conflict.

### ***Nomination of Directors***

The Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a nominating committee to be inappropriate at this time.

### ***Compensation***

The Corporation has formed a Compensation committee (the "Committee") and appointed three directors (Jakob Ripshtein, Matt Shalhoub, and Mark Hubler) as members of the Committee for the term that ends at the Meeting. The Committee examines executive compensation and makes recommendations on setting such compensation to the Board. The Committee meets formally once or twice a year and also communicates informally to discuss compensation for management and staff equity awards.

The Committee members draw on their previous public and private company executive management experience and their knowledge of the industry, including industry comparables, to assist their determinations on the Corporation's compensation policies and practices. The Committee establishes a remuneration and benefits plan for directors, executives, and other key employees, and reviews the adequacy and form of compensation of directors and senior management. The responsibilities, powers and operation of the Committee include, but are not limited to:

- establishing the Corporation's compensation philosophy, and overseeing the development and implementation of compensation programs;
- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO;
- reviewing and approving any compensation and compensation programs applicable to senior management;
- making recommendations to the Board with respect to the Corporation's incentive compensation plans and equity-based plans;

- exercising all powers of the Board with respect to the Stock Option Plan and any other equity-based plans for the Corporation, reviewing and approving stock option grant and other equity based award guidelines proposed by management, reviewing and approving any amendments to existing plans;
- recommending to the Board, from time to time, the remuneration to be paid by the Corporation to directors in light of time commitment and fees paid by comparable companies; and
- reviewing public or regulatory disclosure respecting compensation.

### *Other Board Committees*

The Corporation has no committees at this time other than the Audit Committee (as described below) and Compensation Committee.

### *Assessment of Directors, the Board and Board Committees*

Given its current status and operations and limited number of directors on the Board, the Board does not formally review the contributions of its individual directors.

### **Audit Committee**

Pursuant to NI 52-110, the Corporation is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. NI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

### *Audit Committee Charter*

The Board is responsible for reviewing and approving the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. The audit committee of the Corporation (the “**Audit Committee**”) assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process, the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of the Corporation. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of the Corporation for issuance to the Shareholders. A copy of the written audit committee charter (the “**Charter**”) is attached as Schedule “A” to this Circular.

### ***Composition of the Audit Committee***

The following are the members of the Audit Committee:

<b><u>Name</u></b>	<b><u>Independence</u></b> <sup>(1)</sup>	<b><u>Financial Literacy</u></b> <sup>(2)</sup>
Jakob Ripshtein	Independent	Financially literate
Mark Hubler	Independent	Financially literate
Shawn Dym	Not Independent	Financially literate

**Notes:**

- (1) Within the meaning of subsection 6.1.1(3) of NI 52-110, which requires a majority of the members of an audit committee of a venture issuer not to be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
- (2) Within the meaning of subsection 1.6 of NI 52-110.

### ***Relevant Education and Experience***

Each member of the Audit Committee has adequate education and experience that is relevant to the performance of his or her responsibilities as a member of the Audit Committee and, in particular, education and experience that have provided the member with:

- a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- d) an understanding of internal controls and procedures for financial reporting.

For a summary of the relevant education and experience of each member of the Audit Committee, please see "Election of Directors."

### ***Audit Committee Oversight***

At no time since the commencement of the Corporation's most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

### ***External Auditor Service Fees***

MNP LLP are the auditors of the Corporation. The following table provides information about the aggregate fees billed to the Corporation for professional services rendered by MNP LLP during the fiscal years ended June 30, 2022 and 2021, respectively.

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Audit Fees <sup>(1)</sup>	428,000	390,550
Audit Related Fees <sup>(2)</sup>		-
Tax Fees <sup>(3)</sup>		17,920
All Other Fees <sup>(4)</sup>	14,322	96,300

**Notes:**

- (1) Aggregate fees billed for the Corporation's annual financial statements and services normally provided by the auditors in connection with the Corporation's statutory and regulatory filings.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit Fees."
- (3) Fees charged for tax compliance, tax advice and tax planning services.
- (4) Fees for services other than disclosed in any other row, including fees related to the review of Corporation's Management Discussion and Analyses as well as transfer pricing.

### ***Reliance on Certain Exemptions***

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the following exemptions in NI 52-110: (i) section 2.4, (ii) subsection 6.1.1(4), (iii) subsection 6.1.1(5), (iv) subsection 6.1.1(6), and (v) Part 8. However, the Corporation, as a venture issuer, is relying on the exemption provided in section 6.1 of NI 52-110, which provides that a venture issuer is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

### ***Assessments***

The Board has not adopted formal procedures for assessing the effectiveness of the Board, its Audit Committee or individual directors.

### ***Report of the Audit Committee***

In the performance of its oversight function, the Audit Committee reviewed and discussed the Corporation's audited consolidated financial statements as of and for the year ended June 30, 2022, with management and the auditors. The audited financial statements were represented to have been prepared in accordance with Canadian generally accepted accounting principles.

The Audit Committee met with MNP, the CEO and CFO at the conclusion of the audit for the purposes of recommending the approval of the Corporation's annual financial statements to the Board. It is satisfied that it appropriately fulfilled its mandate to the best of its ability during and for the year ended June 30, 2022.

## STATEMENT OF EXECUTIVE COMPENSATION

The following disclosure of compensation earned by certain executive officers and directors of the Corporation in connection with their office or employment with the Corporation is made in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”) and Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (“Form 51-102F6V”). Disclosure is required to be made in relation to “Named Executive Officers” (as defined below).

For the purpose of this section, a “CEO” or “CFO” means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the years ended June 30, 2022 and 2021. A “Named Executive Officer” or “NEO” means each CEO; each CFO; and the Corporation’s most highly compensated executive officer, other than the CEO and CFO, who was serving as executive officers at the end of the most recently completed financial year of the Corporation and whose total salary and bonus exceeds \$150,000; and any additional individuals (other than the CEO and CFO) for whom disclosure would have been provided except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year end.

### **Compensation Discussion and Analysis**

The Compensation Discussion and Analysis section of this Circular sets out the objectives of the Corporation’s executive compensation arrangements, the Corporation’s executive compensation philosophy and the application of this philosophy to the Corporation’s executive compensation arrangements.

When determining the compensation arrangements for the Named Executive Officers and directors, the Board considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of Shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general.

### ***Benchmarking***

In determining the compensation level for each executive, the Board looks at factors such as the relative complexity of the executive’s role within the organization, the executive’s performance and potential for future advancement, the compensation paid by other companies in the same industry as the Corporation, and pay equity considerations.

### ***Elements of Compensation***

The compensation paid to the Named Executive Officers and directors in any year consists of three (3) primary components:

- i. base salary;
- ii. long-term incentives in the form of stock options granted under the Corporation’s stock option plan (as defined below), which are granted on a discretionary basis by the Board with reference to the same factors discussed above; and
- iii. incentive bonuses, which are granted on a discretionary basis by the Board with reference to the same factors discussed above.

The Corporation believes that making a significant portion of the Named Executive Officers’ and directors’ compensation based on a base salary, long-term incentives and incentive bonuses supports the Corporation’s executive compensation philosophy, as these forms of compensation allow those most accountable for the Corporation’s long-term success to acquire and hold the Corporation’s shares. The key features of these three primary components of compensation are discussed below:

1. Base Salary



Base salary recognizes the value of an individual to the Corporation based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which the Corporation competes for talent. Base salaries for the Named Executive Officers and directors are reviewed annually. Any change in the base salary of a Named Executive Officer or a director is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation and a review of the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

## 2. Stock Option Awards

The Corporation provides long-term incentives to the Named Executive Officers and directors in the form of stock options as part of its overall executive compensation strategy. The Board believes that stock option grants serve the Corporation's executive compensation philosophy in several ways: they help attract, retain, and motivate talent; they align the interests of the Named Executive Officers and directors with those of the Shareholders by linking a specific portion of the officer's total pay opportunity to share price; and they provide long-term accountability for Named Executive Officers and directors.

## 3. Incentive Bonuses

Any bonuses paid to the Named Executive Officers and directors are allocated on an individual basis related to the review by the Board of the work planned during the year and the work achieved during the year, including work related to administration, financing, Shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations.

The Corporation does not have any policies which permit or prohibit a Named Executive Officer or director to purchase financial instruments.

### *Option-Based Awards*

The Corporation does not have any pension plans or incentive plans (whether equity or non-equity based) other than the Corporation's stock option plan dated July 5, 2019.

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Corporation to achieve the longer-term objectives of the Corporation. The purpose of the Corporation's Stock Option Plan is to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. Stock options are also used as a means to promote the long-term retention of individuals. Previous grants of incentive stock options are taken into account when considering new grants.

Under the Stock Option Plan, the Board may, from time to time and at its discretion, grant to directors, officers, employees or consultants of the Corporation options to acquire Common Shares, provided that the number of options granted does not exceed 10% of the Common Shares issued and outstanding following the termination of the Corporation's initial public offering. The exercise price of the options shall be determined by the Board, provided that such price shall not be less than the fair market value of the shares on the date of grant of the option (the "**Market Price**"). The Market Price of the shares of the Corporation shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days. Notwithstanding the foregoing, in the event that shares are listed on the Canadian Securities Exchange (CSE), the exercise price shall not be lower than the greater of the closing of the market price of the shares on (a) the prior trading day, and (b) the date of grant of the options. The options shall be exercisable for a period not exceeding 10 years and are non-assignable

and not transferable.

Upon the optionee ceasing to be a director, officer, employee or consultant of the Corporation, options will expire thirty (30) days from the date of termination, subject to the option's date of expiration. In the event of the death of the optionee, options will expire thirty (30) days from the date of termination, subject to the option's date of expiration. In the event of the termination with cause of the optionee, the options granted will expire thirty (30) days from the date of termination.

**Summary Compensation Table for Named Executive Officers**

The following table provides a summary of total compensation earned during the fiscal years ended June 30, 2022 and 2021 by the Corporation's Named Executive Officers.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Robert Ritchot <i>(former) Head of North American Accessory Operations, and Director<sup>(1)</sup></i>	2022	125,000	-	-	5,308	-	130,308
	2021	250,000	-	-	13,800	-	263,800
Nathan Todd <i>(former) President, Windship Trading, and Director (USD)<sup>(2)</sup></i>	2022	120,180	-	-	-	-	120,180
	2021	168,000	-	-	-	-	168,000
Graham Meneray <i>Chief Financial Officer</i>	2022	230,000	-	-	7,200	-	237,200
	2021	230,000	-	-	7,200	-	237,200
Joel Toguri <i>Chief Executive Officer<sup>(3)</sup></i>	2022	275,000	-	-	10,200	-	285,200
	2021	-	-	-	-	-	-
Jessica Hulser <i>General Manager-US (USD)</i>	2022	76,923	50,000	-	415	-	77,338
	2021	-	-	-	-	-	-
Michael Heinstein <i>VP of US Sales &amp; Operations (USD)</i>	2022	23,077	-	-	369	-	23,446
	2021	-	-	-	-	-	-

**Notes:**

- (1) Robert Ritchot stepped down from his role as of December 3, 2021.
- (2) Nathan Todd stepped down from his role as of February 25, 2022.
- (3) Joel Toguri was appointed as CEO on June 24, 2021 but did not begin his tenure until July 5, 2021.

### Option-Based Awards and Share-Based Awards for Named Executive Officers

The following table sets forth the option and share based awards of the NEOs as of June 30, 2022.

Name and principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (CAD\$)	Market or payout value of vested share-based awards not paid out or distributed (CAD\$)
Robert Ritchot <i>Head of North American Accessory Operations, and Director<sup>(1)</sup></i>	204,082	-	-	-	-	-	-
Nathan Todd <i>President, Windship Trading, and Director<sup>(2)</sup></i>	-	-	-	-	-	-	-
Graham Meneray <i>Chief Financial Officer</i>	450,000	0.67	October 27, 2028	301,500	-	-	-
Joel Toguri <i>Chief Executive Officer<sup>(3)</sup></i>	1,750,000	0.54	June 15, 2031	945,000	250,000	-	-
Jessica Hulser <i>General Manager- US</i>	250,000	0.4	March 7, 2032	100,000	-	-	-
Nicole Sale <i>Vice President of Marketing &amp; Communications</i>	75,000	0.39	August 30, 2031	29,250	-	-	-

**Notes:**

- (1) Robert Ritchot stepped down from his role as of December 3, 2021; Robert Ritchot was granted an amount equal to \$100,000 to be converted to options at a price of \$0.49.

- (2) Nathan Todd stepped down from his role as of February 25, 2022.
- (3) Joel Toguri was appointed as CEO on June 24, 2021, however options priced at June 15, 2021; RSUs of 250,000.

### **Incentive Award Plans**

The only incentive award plan of the Corporation during the fiscal year ended June 30, 2022 was the Stock Option Plan. There were no option-based awards that vested during the year ended June 30, 2022 for Named Executive Officers.

The following table sets forth the value vested of option and share based awards for the NEOs for the fiscal year ended June 30, 2022.

<b>Name and principal position</b>	<b>Option based awards – Value vested during the year (CAD\$)</b>	<b>Share based awards – Value vested during the year (CAD\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
Robert Ritchot <i>Head of North American Accessory Operations, and Director<sup>(1)</sup></i>	-	-	-
Nathan Todd <i>President, Windship Trading, and Director<sup>(2)</sup></i>	-	-	-
Graham Meneray <i>Chief Financial Officer</i>	-	-	-
Joel Toguri <i>Chief Executive Officer<sup>(3)</sup></i>	-	-	-
Jessica Hulser <i>General Manager- US</i>	-	-	-
Nicole Sale <i>Vice President of Marketing &amp; Communications</i>	-	-	-

**Notes:**

- (1) Robert Ritchot stepped down from his role as of December 3, 2021.
- (2) Nathan Todd stepped down from his role as of February 25, 2022.
- (3) Joel Toguri was appointed as CEO on June 24, 2021.

### **Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits at, following, or in connection with retirement. The Corporation does not have a defined contribution plan.

### **Termination and Change of Control Benefits and Management Contracts**

If within twelve (12) months following the occurrence of a Change of Control the Executive's employment is terminated by the Company without Just Cause or terminated by the Executive for Good Reason, the Executive shall be entitled to receive a separation package consisting of: (i) A lump sum cash payment equal

to one (1) year's Base Salary in lieu of notice of termination.

Upon termination of the Executive's employment for any reason, the Executive or the Executive's beneficiaries shall be entitled to receive the following; (i) any accrued but unpaid Base Salary and accrued but unused vacation pay, which shall be paid within sixty (60) days following the termination date; and (ii) reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy. If an Executive is terminated without cause, the Executive will receive one-year lump sum payment of his/her base salary.

## **Compensation of Directors**

### ***Individual Director Compensation***

The following table provides a summary of the compensation provided to the directors of the Corporation during the fiscal years ended June 30, 2022 and 2021. Except as otherwise disclosed below, the Corporation did not pay any fees or compensation to directors for serving on the Board (or any committee) beyond reimbursing such directors for travel and related expenses and the granting of stock options under the Stock Option Plan.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Shawn Dym <i>Director</i> <sup>(1)</sup>	2022	95,000	-	-	-	-	95,000
	2021	120,000	-	-	-	-	120,000
Matthew Shalhoub <i>Director</i> <sup>(2)</sup>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Robert Ritchot <i>Director</i> <sup>(3)</sup>	2022	30,000	-	-	-	-	30,000
	2021	-	-	-	-	-	-
Nathan Todd <i>Director</i> <sup>(4)</sup>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Jakob Ripshtein <i>Director</i> <sup>(5)</sup>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Mark Hubler <i>Director</i> <sup>(6)</sup>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-

#### **Notes:**

- (1) Shawn Dym was appointed as a Director on June 16, 2021.
- (2) Matthew Shalhoub was appointed as a Director on June 16, 2021.
- (3) Robert Ritchot was appointed as a Director on June 16, 2021.
- (4) Nathan Todd stepped down as a Director on June 29, 2022.
- (5) Jakob Ripshtein was appointed as a Director on June 16, 2021.
- (6) Mark Hubler was appointed as Director on June 29, 2022.

### ***Director Option-Based Awards and Share-Based Awards***

The following table sets forth the option and share based awards of directors of the Corporation as of June 30, 2022.

Name and principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (CAD\$)	Market or payout value of vested share-based awards not paid out or distributed (CAD\$)
Shawn Dym <i>Director</i> <sup>(1)</sup>				-	-	-	-
Matthew Shalhoub <i>Director</i> <sup>(2)</sup>	-	-	-	-	-	-	-
Robert Ritchot <i>Director</i> <sup>(3)</sup>	-	-	-	-	-	-	-
Nathan Todd <i>Director</i> <sup>(4)</sup>	-	-	-	-	-	-	-
Jakob Ripshtein <i>Director</i> <sup>(5)</sup>	2,000,000	0.50	November 30, 2031	1,000,000	-		
Mark Hubler <i>Director</i> <sup>(6)</sup>							

**Notes:**

- (1) Shawn Dym was appointed as a Director on June 16, 2021.
- (2) Matthew Shalhoub was appointed as a Director on June 16, 2021.
- (3) Robert Ritchot was appointed as a Director on June 16, 2021.
- (4) Nathan Todd stepped down as a Director on June 29, 2022.
- (5) Jakob Ripshtein was appointed as a Director on June 16, 2021; 2,000,000 Options were issued on November 30, 2021.
- (6) Mark Hubler was appointed as Director on June 29, 2022.

### ***Incentive Award Plans***

The only incentive award plan of the Corporation during the fiscal year ended June 30, 2022 was the Stock Option Plan. There were no option-based awards that vested during the year ended June 30, 2022 for any directors of the Corporation.

The following table sets forth the value vested of option and share based awards of the directors of the Corporation during the year ended June 30, 2022.

Name and principal position	Option based awards – Value vested during the year (CAD\$)	Share based awards – Value vested during the year (CAD\$)	Non-equity incentive plan compensation – Value earned during the year
Shawn Dym <i>Director</i> <sup>(1)</sup>	-	-	-
Matthew Shalhoub <i>Director</i> <sup>(2)</sup>	-	-	-
Robert Ritchot <i>Director</i> <sup>(3)</sup>	-	-	-
Nathan Todd <i>Director</i> <sup>(4)</sup>	-	-	-
Jakob Ripshtein <i>Director</i> <sup>(5)</sup>	-	-	-
Mark Hubler <i>Director</i> <sup>(6)</sup>	-	-	-

**Notes:**

- (1) Shawn Dym was appointed as a Director on June 16, 2021.
- (2) Matthew Shalhoub was appointed as a Director on June 16, 2021.
- (3) Robert Ritchot was appointed as a Director on June 16, 2021.
- (4) Nathan Todd stepped down as a Director on June 29, 2022.
- (5) Jakob Ripshtein was appointed as a Director on June 16, 2021.
- (6) Mark Hubler was appointed as Director on June 29, 2022.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information as of June 30, 2022 with respect to the Common Shares that may be issued under the Stock Option Plan.

Plan Category	Fiscal Year Ended	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders (the	June 30, 2022	7,703,374	\$0.62	4,669,568

Stock Option Plan)				
Equity compensation plans not approved by Shareholders	June 30, 2022	-	-	-
Total				

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as disclosed in this Circular (including in the financial statements of the Corporation for the fiscal years ended June 30, 2022 and 2021), no directors, proposed Nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Corporation are indebted to the Corporation as of the date hereof or were indebted to the Corporation at any time during the fiscal year ended June 30, 2022, and no indebtedness of such individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

### Aggregate Indebtedness

Aggregate Indebtedness		
Purpose	To the Company or its Subsidiaries	To Another Entity
(a)	(b)	(c)
<b>Other Indebtedness</b>	<b>\$327,957<sup>(1)</sup></b>	

<sup>1</sup> The balance at March 31, 2022, is made up of a Promissory Note for \$375,000 plus accrued interest thereon. The Note is payable to Nathan Todd, director, and is due within 2 days at the conclusion of an anticipated lock up period of 180 days subsequent to any future equity financing, accruing interest at the rate of 1.59% per annum which as of April 26, 2022, was subsequently, amended on agreement between the parties to a principal amount of \$325,000, maturing in 3 years and accruing interest at an interest rate of 1.59%.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any informed person of the Corporation, or any associate or affiliate of any such informed person, in any transaction since June 30, 2022, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or member of Management of the Corporation or any associate of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of Common Shares or otherwise in the matters to be acted upon at the Meeting, other than the election of directors, except for any interest arising from the ownership of shares of the Corporation where the Shareholder will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Corporation.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Audited Financial Statements

The audited financial statements of the Corporation for the financial years ended June 30, 2022 and 2021 and the report of the auditors thereon, will be submitted to the Meeting, although no vote by the Shareholders with respect thereto is required or proposed to be taken.



## Election of Directors

The Corporation currently has five directors, and management of the Corporation proposes that the number of directors of the Corporation to be elected at the Meeting is five. The term of office of the current five directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions the *Business Corporations Act* (Ontario), each director will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

Management currently proposes the following directors be elected to the Board: Mark Hubler, Matthew Shalhoub, Shawn Dym, Robert Ritchot, and Jakob Ripshtein (the "Nominees"). The following table sets out the names of management's nominees for election as directors, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Circular.

**Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy to vote proxies IN FAVOUR of the election of the below listed individuals as directors of the Corporation.**

Name of Nominee, Current Position with the Corporation, and Province/State and Country of Residence	Occupation, Business or Employment	Director of Humble Since	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(2)</sup>
<b>Robert Ritchot</b> Brandon, Manitoba <i>Board Nominee</i> <sup>(4)</sup>	Founder BOBHQ/HMBL	May 26, 2017	23,260,043 <sup>(1)</sup> 18.73%
<b>Matthew Shalhoub</b> Toronto, Ontario <i>Board Nominee</i>	Managing Director, Green Acre Capital	May 26, 2017	37,725,463 <sup>(2)</sup> 30.38%
<b>Shawn Dym</b> Toronto, Ontario <i>Board Nominee</i>	Managing Director, York Plains Investments	February 8, 2019	6,915,059 <sup>(3)</sup> 5.59%
<b>Mark Hubler</b> North Oaks, Minnesota <i>Board Nominee</i>	President and CEO, Johnson Brothers Distribution	June 29, 2022	nil
<b>Jakob Ripshtein</b> Toronto, Ontario <i>Board Nominee</i>	CEO, Perennial Brands Inc.	June 16, 2021	nil

**Notes:**

- (1) Including 7,295,346 Common Shares held personally, 7,295,346 Commons Shares held by Kimberly Thomas Ritchot, 7,612,622 Common Shares held by RKCB Holdings Ltd., a company wholly-owned and controlled by Mr. Ritchot and Mrs. Thomas-Ritchot, and 1,056,729 Common Shares held by 6191330 Manitoba Ltd, a company wholly-owned and controlled by Mr. Ritchot and Mrs. Thomas-Ritchot.
- (2) Including 9,373,626 Common Shares held by Green Acre Capital Fund LP, 7,164,429 Common Shares held by Green Acre Capital Fund II (Canada) LP, 960,937 Common Share held by Green Acre Capital Fund II (Non Resident) LP, 1,431,000 Common Shares held by Green Acre Capital Fund II (Listed) LP, and 18,795,471 Common Shares held by Green Acre Distribution Corp.
- (3) Mr. Dym holds 6,524,300 Common Shares through his controlling interest in Green Room Investment Corp., and 390,759 Common Shares through York Plains Investment Corp.
- (4) No longer with the Corporation, effective December 2021

**Shawn Dym (41) – Director Nominee**

Shawn Dym resides in Toronto, Ontario and has been an active investor in the cannabis industry over the last seven years including co-founding Green Acre Capital, a cannabis-focused private investment fund, for which he continues to serve on the advisory board. In addition, he was an early investor in Aphria Inc. and previously served as a member of their board of directors. Shawn is a graduate of York University and has also earned an MBA from Harvard Business School.

**Jakob Ripshtein (55) - Director Nominee**

Jakob Ripshtein resides in Toronto, Ontario and serves as CEO of Perennial Brands Inc, a full life-cycle brand strategy organization. Previously, he served as VP Finance for Diageo Canada and worked in several markets before becoming the President of Diageo Canada. Most recently, he served as the CFO of Diageo North America. In addition to his career with Diageo, Jakob held a variety of roles in finance, sales and strategy in various global companies and has been based in Canada, the U.S. and the U.K.

**Matthew Shalhoub (34) - Director Nominee**

Matt Shalhoub resides in Toronto, Ontario and is a founder and Managing Partner of Green Acre Capital. He is also a board member of Greentank Technologies and TREC Brands, and previously a board member of Tokyo Smoke, Ample Organics and Friendly Stranger Holdings Corp. He graduated with an HBA from the Richard Ivey School of Business.

**Mark Hubler (60) Director Nominee**

Over 35 years in the Beverage and Beverage Distribution Space. Mark Hubler joined Johnson Brothers in August 2015. His role was expanded to President & Chief Executive Officer in January, 2022 and he leads the Executive Team. Previous to this role, Mark spent 17 years in various leadership roles at Diageo North America including most recently serving as President of North America, US Spirits. Mark also spent significant time in Non-Alcohol CPG including both Coca-Cola and Quaker Oats where his career track included commercial roles as well as Business Analytics and Marketing. Mark has a Management Degree from the University of Wisconsin and resides in North Oaks, Minnesota with his wife and two adult-daughters.

**Robert Ritchot (50) –Director Nominee**

Robert Ritchot resides in Brandon, Manitoba and is the original co-founder of Humble, as well as the co-founder of its subsidiary, BOB HQ, with over 20 years of experience in retail and distribution. Robert is also an advisor of Session Goods LLC, an accessory company.

### ***Orders, Penalties and Bankruptcies***

To the knowledge of the Corporation, as of the date hereof, no Nominee:

- is, or has been, within 10 years before the date hereof, a director, CEO or CFO of any Corporation (including the Corporation) that:
  - was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;
- is, or has been, within 10 years before the date hereof, a director or executive officer of any Corporation (including the Corporation) that, while such Nominee was acting in that capacity, or within a year of such Nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Nominee.

For the purposes of the above section, the term “order” means:

- a cease trade order, including a management cease trade order;
- an order similar to a cease trade order; or
- an order that denied the relevant Corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, as of the date hereof, no Nominee has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports (if any); or
- any other penalties or sanctions imposed by a court or regulatory body,

that would likely be considered important to a reasonable Shareholder in deciding to vote for a proposed director.

### **Appointment of Auditor**

Shareholders are requested by management to approve a resolution to appoint MNP LLP, Chartered Accountants, Licensed Public Accountants (“MNP”) as auditors of the Corporation until the next annual meeting of shareholders and to authorize the directors to fix their remuneration. MNP was first appointed as auditors of the Corporation on June 14, 2021.

**Unless otherwise directed to the contrary, it is the intention of the persons named in the enclosed form of proxy to vote proxies IN FAVOUR of the appointment of MNP LLP as auditors of the Corporation at remuneration to be fixed by the Board.**

## **ISSUERS WITH U.S. MARIJUANA-RELATED ACTIVITIES**

**Marijuana is illegal under US federal law and enforcement of relevant laws is a significant risk to Humble's Cannabis Accessories business segment in the United States.**

Canadian Securities Administrators Staff Notice 51-352 Issuers with U.S. Marijuana-Related Activities (the "Staff Notice") provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular state's regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents. For the purposes of the Staff Notice, Humble's activities in the United States may be classified as "direct" involvement in the United States distribution industry. The applicable regulations in the state of California, being the states of Humble's distribution operations in the United States are summarized below in accordance with the requirements of the Staff Notice.

Humble has obtained legal counsel in the United States with respect to its operations there and on that basis Humble is not aware of any United States federal or state cannabis law that affects directly its operations or products. Approximately 2% of Humble's United States customer base are persons who produce, process or dispense cannabis products, to Humble's knowledge, in AK, AR, AZ, CA, CO, CT, FL, IL, MA, MD, MI, OH, OK, OR, UT, VA, VT, WA, representing less than approximately 1% of Humble's revenue in those states. Those such customers may be adversely affected by prohibitive or restrictive changes to, or application of, U.S. federal cannabis law.

To the best of Humble's knowledge, it is in compliance with U.S. state law and applicable licensing framework for the products or operations of Humble in California, as described below. .

Humble is not aware of any non-compliance with applicable licensing requirements and regulatory frameworks in California.

### **California Regulatory Environment**

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 (the "CUA"). This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients and creation of patient "collectives." In September 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" (the "MCRSA"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("AUMA") creating an adult-use marijuana program for adult-use 21 years of age or older. In June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which combined MCRSA and AUMA to provide one set of regulations to govern medical and adult-use licensing regime for cannabis businesses in the state of California. MAUCRSA is codified at California

Business and Professions Code sections 26000, *et seq.*

MAUCRSA went into effect on January 1, 2018. Until recently, the three agencies that regulated cannabis at the state level were the California Department of Consumer Affairs' Bureau of Cannabis Control (the "BCC"), California Department of Food and Agriculture (the "CDFA"), California Department of Public Health (the "CDPH"). In July 2021, the BCC, CDFA, and CDPH were consolidated by California Assembly Bill 141 (approved by Governor July 12, 2021) into the California Department of Cannabis Control (the "DCC"), which now acts as the sole state regulatory agency responsible for the licensing and regulations of all cannabis businesses. The California Department of Tax and Fee Administration ("CDTFA") oversees tax collection for various cannabis-specific state taxes.

### **Compliance with California Law**

Under MAUCRSA, licensed cannabis operators are required to obtain both local and state authorizations to operate and comply with state regulations under California Code of Regulations, Title 4, Division 19, and applicable local regulations.

HC Solutions Holdings, Inc., a Delaware corporation ("HC Solutions"), wholly-owned by Humble, operates Cabo Connection, a California corporation ("Cabo"). Cabo is a licensed cannabis manufacturer and distributor located at a 4,000 square foot facility in the City of Los Angeles. Cabo has obtained local authorization from the City of Los Angeles Department of Cannabis Regulation (the "DCR") and DCC for manufacturing and distribution activities.

HC Solutions ensures regulatory compliance with its inside compliance department and outside legal counsel. In 2022, HC Solutions hired Alyssa Clemmer to serve as its Director of Compliance. Prior to joining HC Solutions, Ms. Clemmer was the Compliance Director for Eaze. HC Solutions also relies on outside counsel Weinberg Gonser Frost LLP, a Los Angeles-based law firm with counsel dedicated to advising cannabis businesses on California regulatory compliance. Cabo is in compliance with applicable state and local law, regulations, and ordinances.

HC Solutions has comprehensive inventory management procedures, which are compliant with the rules set forth by the DCC and all other applicable state and local laws, regulations, ordinances, and other requirements. These procedures ensure strict control over Cabo's cannabis and cannabis product inventory from delivery by a licensed distributor to sale or delivery to a consumer, or disposal as cannabis waste. Such inventory management procedures also include measures to prevent contamination and maintain the safety and quality of the products distributed by Cabo.

### **Reporting Requirements**

The state of California selected Franwell Inc.'s METRC solution ("METRC") as the state's track-and-trace ("CCTT") system used to track commercial cannabis activity and movement across the distribution chain ("seed-to-sale"). The METRC system is mandatory for all licensed operators in the state of California. The system allows for other third-party system integration via application programming interface ("API"). Cabo utilizes DISTRU, as its inventory management software, which provides real-time reporting of its commercial cannabis activity to CCTT.

### **Other Activities in the US**

Windship Trading LLC, a wholly-owned Texas subsidiary of Humble ("Windship") and operates as a leading distributor for the smoke shop and cannabis accessories industries in the United States. Since 2010, Windship has serviced thousands of smoke shop retailers, sub-distributors, e-commerce companies, CBD retailers and currently offers over 8,000 products in their portfolio. Windship has active operations across the United States in San Marcos, TX, St. Petersburg, FL, Denver, CO, Las Vegas, NV and Los Angeles, CA with international distribution capabilities as well.

## **OTHER BUSINESS**

Management of the Corporation is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com). Meeting materials are available at <https://odysseytrust.com/client/humble-fume-2022/>. Shareholders may also contact Graham Meneray, Chief Financial Officer of the Corporation at 877 438-436.

Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis for the fiscal years ended June 30, 2022 and 2021 and subsequent interim periods, which are filed on SEDAR.

## **OTHER MATTERS**

Management of the Corporation is not aware of any other matter to come before the Meeting other than as set forth in the Notice. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

The contents of this Circular and its distribution to Shareholders have been approved by the Board.

**DATED** October 19, 2022.

## **BY ORDER OF THE BOARD**

(signed) "*Jakob Ripshtein*"

Jakob Ripshtein  
Director

**SCHEDULE A**  
**CHARTER OF THE AUDIT COMMITTEE**  
**OF**  
**HUMBLE & FUME INC.**

**("CHARTER")**

1. MEMBERSHIP.

1.1 The audit committee (the "**Committee**") of the board of directors (the "**Board**") of Humble & Fume Inc. (the "**Company**") shall consist of three or more directors. Each member of the Committee shall be independent, and in any case the composition of the Committee shall be made in accordance with applicable corporate and securities laws and stock exchange listing standards and policies.

1.2 Each member of the Committee must be financially literate, as this term is defined under National Instrument 52-110 - Audit Committees (the "**Instrument**").

1.3 No member of the Committee may serve simultaneously on the audit committee or any other board committee of more than two other public companies, unless the Board determines that simultaneous service will not materially adversely affect the Committee from acting independently or from fulfilling its mandate in accordance with applicable law.

1.4 The Board shall appoint members to the Committee, with consideration to the nominating committee's recommendations. The members of the Committee shall be appointed for one-year terms or such other terms as the Board may determine and shall serve until a successor is duly appointed by the Board or until the member's earlier death, resignation, disqualification or removal. The Board may remove any member from the Committee at any time with or without cause. The Board shall fill Committee member vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members shall exercise all the Committee's powers so long as a quorum exists.

1.5 New Committee members shall be provided with an orientation program to educate them on the Company, their roles and responsibilities on the Committee and the Company's financial reporting and accounting practices. Committee members shall also receive training, as necessary, to increase their understanding of financial, accounting, auditing and industry issues applicable to the Company.

1.6 The Board shall appoint the chair of the Committee (the "**Chair**") from the Committee members. The Chair must be a non-executive Director. Subject to Section 1.4, the Board shall determine the Chair's term of office.

1.7 A quorum for decisions of the Committee shall be two members.

2. COMMITTEE MEETINGS.

2.1 The Committee shall meet at least quarterly at such times and places as determined by the Committee. The Committee is governed by the same rules regarding meetings (including the procedure used to call meetings, and conducting meetings electronically, in person or by telephone), notice of meetings and waiver of notice by committee members, written resolutions in lieu of a meeting and voting at meetings that apply to the Board.

2.2 Notice of the time and place of a Committee meeting shall be given by the Committee to the Company's external auditor (the "**Auditor**") in the same manner notice is provided to Committee members. The Committee shall provide the Auditor with all meeting materials in advance of the meeting.

2.3 The Chair shall seek input from Committee members, the Company's management, the Auditor and Board members when setting each Committee meeting's agenda.

2.4 Any written material to be provided to Committee members for a meeting must be distributed in advance of the meeting to give Committee members time to review and understand the information.

2.5 The chair of the Board (the "**Board Chair**"), the chief executive officer of the Company ("**CEO**") and chief financial officer of the Company ("**CFO**") and any other member of senior management may, if invited by the Chair, attend, give presentations relating to their responsibilities and otherwise participate at Committee meetings. Other Board members may also, if invited by the Chair, attend and participate at Committee meetings.

2.6 The Committee may appoint a Committee member or any other attendee to be the secretary of a meeting. The Chair shall circulate minutes of all Committee meetings to the Company's Board members and its Auditor. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.

2.7 The Committee may meet for a private session, excluding management or other third parties, following each Committee meeting or as otherwise determined by the Committee.

3. PURPOSE, ROLE AND AUTHORITY.

3.1 The purpose of the Committee is to oversee the Company's accounting and financial reporting processes and the preparation and auditing of the Company's financial statements.

3.2 The Committee is authorized by the Board to investigate any matter set out in this Charter or otherwise delegated to the Committee by the Board.

4. DUTIES AND RESPONSIBILITIES.

The Committee has the duties and responsibilities set out in Sections 5 to 14 of this Charter, as may be amended, supplemented or restated from time to time.

5. EXTERNAL AUDITOR - APPOINTMENT AND REMOVAL.

The Committee shall:

5.1 Consider and recommend to the Board, to put forward for shareholder approval at the annual meeting, an Auditor that will be appointed or reappointed to prepare or issue an auditor's report and perform audit, review, attest or other services for the Company in compliance with the Instrument and, if necessary, recommend to the Board the Auditor's removal.

5.2 Recommend to the Board the Auditor's compensation and otherwise setting the terms of the Auditor's engagement (including reviewing and negotiating the Auditor's engagement letter).

5.3 Review and monitor the independence of the Auditor.

5.4 At least once per fiscal year, review the qualifications and performance of the Auditor and the Auditor's lead partners and consider and decide if the Company should adopt or maintain a policy of rotating the accounting firm serving as the Company's Auditor.

6. AUDITOR OVERSIGHT - AUDIT SERVICES.

The Committee shall:



6.1 Require the Auditor to report directly to the Committee.

6.2 Discuss with the Auditor: (a) before an audit commences, the nature and scope of the audit, the Auditor's responsibilities in relation to the audit, the overall audit strategy, the timing of the audit, the processes used by the Auditor to identify risks and reporting such risks to the Committee; and (b) any other matters relevant to the audit, including the coordination of services and processes, where more than one audit firm is involved.

6.3 Review and discuss with the Auditor all critical accounting policies and practices to be used in the audit, all alternative treatments of financial information within generally accepted accounting principles as set out in the CPA Canada Handbook – Accounting (International Financial Reporting Standards), as amended from time to time ("**GAAP**") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the Auditor.

6.4 Review any major issues regarding accounting principles, including GAAP, and financial statement presentation with the Auditor and Company's management, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

6.5 Review and discuss with the Auditor and management any problems or difficulties encountered during the audit, including restrictions on the scope of activities or access to information, and any significant disagreements between the Auditor and management in relation to financial reporting. The Committee may meet with the Auditor and management (together or separately) to discuss and resolve such disagreements.

6.6 Review all material communications between management and the Auditor, including reviewing the Auditor's management letter and management's response.

6.7 Create (if required), review and approve the Company's policies respecting the Company's hiring of any (former or current) Auditor's past or present employees or past or present partners that participated in any capacity in any Company audit.

6.8 Oversee any other matters relating to the Auditor and the performance of audit services on the Company's behalf.

7. AUDITOR OVERSIGHT - NON-AUDIT SERVICES.

The Committee shall:

7.1 Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries in accordance with the Instrument.

7.2 Notwithstanding section 7.1, delegate the pre-approval of non-audit services to a member or certain members of the Committee. These member or members shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.

8. INTERNAL CONTROLS.

The Committee shall:

8.1 Monitor and review the effectiveness of the Company's internal audit function, including ensuring that any internal auditors (the "**Internal Auditors**") have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no Internal Auditors, consider, on an annual basis, whether the Company requires Internal Auditors and make related recommendations to the Board.

8.2 Oversee an effective system of internal controls and procedures for the Company relating to the financial reporting process and disclosure of the financial results ("**Internal Controls**").

8.3 Review with management and the Internal Auditors (with each privately or together) the adequacy and effectiveness of the Company's Internal Controls, including any significant deficiencies or material weaknesses in the design or operation of the Internal Controls and determine if any special steps must be adopted by the Auditor during its audit in light of any such deficiencies or weaknesses.

8.4 Review management's roles, responsibilities and performance in relation to the Internal Controls.

8.5 Review, discuss and investigate: (a) any alleged fraud involving the Company's management or employees in relation to the Internal Controls, including management's response to any allegations of fraud; (b) implement corrective and disciplinary action in cases of proven fraud; and (c) determine if any special steps must be adopted by the Auditor during its audit in light of any proven fraud or any allegations of fraud.

8.6 Establish and monitor the procedures for: (a) the receipt, retention and treatment of complaints that the Company receives relating to its Internal Controls; (b) the anonymous submission of employees' concerns relating to questionable accounting or audit matters engaged in by the Company; and (c) the independent investigation of the matters set out in Section 8.6(a) and Section 8.6(b), including appropriate follow up actions.

8.7 Review and discuss with the CEO and CFO, or those officers who perform the duties similar to a CEO or CFO, the steps taken to complete the required certifications of the annual and interim filings with applicable securities commissions.

## 9. FINANCIAL STATEMENTS.

The Committee shall:

9.1 Review and discuss with the Auditor and management the Company's annual audited financial statements and the accompanying Auditor's report and management discussion and analysis ("**MD&A**"). The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on: (a) significant accounting policies, including any changes made to them and the effect this may have on the Company; (b) significant estimates and assumptions; (c) significant adjustments resulting from the an audit; (d) the going concern assumption; (e) compliance with accounting standards; (f) investigations and litigation undertaken by regulatory authorities; (g) the impact of unusual transactions; and (h) off-balance sheet and contingent asset and liabilities, and related disclosures.

9.2 Assess (a) the quality of the accounting principles applied to the financial statements; (b) the clarity of disclosure in the financial statements; and (c) whether the audited annual financial statements present fairly, in all material respects, in accordance with GAAP, the Company's financial condition, operational results and cash flows.

9.3 Upon satisfactory completion of its review, recommend the annual audited financial statements, Auditor's report and annual MD&A for Board approval.

9.4 Review the interim financial statements and related MD&A with the Auditor and management, and if satisfied that the interim financial statements meet the criteria set out in subsection 9.2 to recommend to the Board that it approve the interim financial statements and accompanying MD&A.

10. Disclosure of Other Financial Information.

The Committee shall:

10.1 Review and discuss with management the design, implementation and maintenance of effective procedures relating to the Committee's prior review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements ("**Disclosure Procedures**"); ensure that the Disclosure Procedures put in place are followed by the Company's management and employees; and periodically assess the adequacy of the Disclosure Procedures.

10.2 Review the Company's profit and loss press releases and other related press releases before they are released to the public, including the Company's annual information form, earnings press releases and any other public disclosure documents required by applicable securities commissions; and review the nature of any financial information and ratings information provided to agencies and analysts in accordance with the Company's disclosure policy.

10.3 Monitor and review the Company's policy on confidentiality and disclosure on a yearly basis.

11. RISK MANAGEMENT.

The Committee shall:

11.1 Review and discuss with management and the Internal Auditors (each privately or together) policies and guidelines to govern the processes by which management assesses and manages the Company's risks, including the Company's major financial risk exposures and fraud, and the steps management has taken to monitor and control such exposures.

11.2 Review the periodic reports delivered to the Committee by the Internal Auditors; and oversee the processes by which major Company risks are reviewed by either the Committee, another Board committee or the full Board.

12. LEGAL COMPLIANCE.

The Committee shall: review with legal counsel any legal matters, including inquiries received from regulators and governmental agencies, that may have a significant effect on the Company's financial statements, cash flows or operations; and review and oversee any policies, procedures and programs designed by the Company to promote legal compliance.

13. RELATED PARTY TRANSACTIONS.

The Committee shall all proposed related party transactions, other than those reviewed by a special committee of disinterested directors in accordance with Canadian corporate or securities laws.

14. OTHER DUTIES AND RESPONSIBILITIES.

The Committee shall complete any other duties and responsibilities delegated by the Board to the Committee from time to time.

15. MEETINGS WITH THE AUDITOR.

Notwithstanding anything set out in this Charter to the contrary, the Committee may meet privately with the Auditor or Internal Auditors as frequently as the Committee deems appropriate, but not less than quarterly, for the Committee to fulfil its responsibilities and to discuss any concerns of the Committee or Auditor in relation to the matters covered by the Committee's Charter, including the effectiveness of the Company's financial recording procedures and systems and management's cooperation and responsiveness to matters arising from the audit and non-audit services performed by the Auditor.

16. MEETINGS WITH MANAGEMENT.

The Committee may meet privately with management and the Company's Internal Auditors (together or separately) as frequently as the Committee deems appropriate for the Committee to fulfil its responsibilities, but not less than quarterly, to discuss any concerns of the Committee, management or the Internal Auditors.

17. OUTSIDE ADVISORS.

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Committee shall set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Company.

18. REPORTING.

The Committee shall report to the Board on all matters set out in this Charter and other matters assigned to the Committee by the Board, including: (a) the Auditor's independence; (b) the Auditor's performance and the Committee's recommendation to reappoint or terminate the Auditor; (c) the Internal Auditors' performance; (d) the adequacy of the Internal Controls; (e) the Committee's review of the Company's annual and interim financial statements, and any GAAP reconciliation, including any issues respecting the quality and integrity of financial statements, along with the MD&A; (f) the Company's compliance with legal and regulatory matters and such matters affect the financial statements; and (g) the Company's risk management programs and any risks identified in accordance with this program.

19. CHARTER REVIEW.

The Committee shall review this Charter and recommend any proposed changes to the Board for approval. This Charter shall be posted on the Company's investor relations website.

20. PERFORMANCE EVALUATION.

The Committee shall conduct an annual evaluation of the performance of its duties and responsibilities under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

21. NO RIGHTS CREATED.

This Charter is a broad policy statement and is intended to be part of Committee's flexible governance framework. While this Charter should comply with all applicable laws, regulations and listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company.