

District of Ontario  
Division No. 09 - Toronto  
Court File No. BK- 24- 03026717-0031  
Estate No. 31-3026717

**THE GOOD FAT CO. LTD.**

**FIRST REPORT OF RICHTER INC.  
IN ITS CAPACITY AS TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
THE GOOD FAT CO. LTD.**

**JANUARY 15, 2024**

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ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
IN BANKRUPTCY AND INSOLVENCY

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
THE GOOD FAT CO. LTD.

FIRST REPORT OF RICHTER INC.  
IN ITS CAPACITY AS TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
THE GOOD FAT CO. LTD.

JANUARY 15, 2024

## I. INTRODUCTION

1. On January 2, 2024 (the “**Filing Date**”), The Good Fat Co. Ltd. (“**Good Fat**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (an “**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “**BIA**”), and Richter Inc. (“**Richter**”) was appointed as trustee (in such capacity, the “**Trustee**”) under the NOI. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy in respect of the Company’s NOI is attached hereto as **Appendix “A”**. The NOI proceedings of Good Fat are referred to herein as the “**NOI Proceedings**”.
2. The primary objective of the Company’s NOI Proceedings is to create a stabilized environment to allow the Company to complete a transaction for the sale of its assets (the “**Transaction**”). The Transaction is discussed in further detail below.
3. On December 29, 2023, the Company entered into an asset purchase agreement with 1000747000 Ontario Inc. (“**10007**” or the “**Purchaser**”) (the “**Asset Purchase Agreement**”), pursuant to which 10007, a newly formed entity, has agreed to purchase the Purchased Assets, as defined in the Asset Purchase Agreement. The closing of the Transaction is conditional on approval of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).
4. The Trustee understands that 10007 is controlled 50% by 2754874 Ontario Inc., a company controlled by Patrick Higgins and Jon Cohn and 50% by Liberation Capital Inc., a company controlled by Tammy Eckenswiller. Mr. Higgins is the President and Mr. Cohn is the Executive Vice President of Propel Natural Brands (“**Propel**”). Propel is a broker that represents various natural and organic brands in Canada, including Good Fat. As a broker, Propel assists brands in selling products to grocery chains, assisting with listing fees, trade programs, and provides other brand related services. Prior to acting as President of Propel, from March 2020 to April 2021, Mr. Higgins was an independent contractor for Good Fat acting as its general manager. Ms. Eckenswiller is a brand builder and marketing executive.
5. In October 2023, Richter was retained by the Company to provide financial advisory services, including, among other things, reviewing the Company’s financial position and cash flow projections, and supporting the Company in discussions with certain of its key stakeholders. In addition, Richter’s mandate included advising on strategies to restructure the Company’s affairs. Richter is not subject to any of the restrictions on who may act as a trustee under section 13.3 of the BIA.

## II. PURPOSES OF THE FIRST REPORT

6. The purpose of this first report (the “**First Report**”) of the Trustee is to provide the Court with information pertaining to the following:
  - (i) a limited summary of certain background information about the Company, including the events that led the Company to initiate these NOI Proceedings;

- (ii) the proposed Transaction;
- (iii) the Company's forecast receipts and disbursements (the "**Cash Flow Forecast**") for the period January 8, 2024 to April 5, 2024 (the "**Forecast Period**"), prepared in accordance with Section 50.4(2) of the BIA;
- (iv) the Company's request that it be authorized and empowered to obtain interim financing, including the terms of an interim credit facility of up to a maximum amount of \$200,000 (the "**DIP Facility**") provided by 10007 (in such capacity, the "**DIP Lender**") pursuant to an interim facility term sheet dated January 9, 2024 (the "**DIP Term Sheet**");
- (v) the proposed super priority charges over all of the Company's property, assets and undertakings (the "**Property**"), including:
  - (a) a charge in the amount of \$150,000 to secure the fees and disbursements of the Trustee, the Trustee's counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), and the Company's counsel, Aird & Berlis LLP ("**Aird & Berlis**"), in accordance with Section 64.2 of the BIA (the "**Administration Charge**");
  - (b) a charge in the maximum amount of \$100,000 in favour of the Company's directors and officers in accordance with Section 64.1 of the BIA (the "**Directors' Charge**"); and
  - (c) a charge in the amount of \$200,000 in favour of the DIP Lender to secure advances to the Company made in accordance with Section 50.6 of the BIA under the DIP Facility (the "**DIP Charge**");
- (vi) the Company's request for an extension of the time required to file a proposal (the "**Proposal Period**") to March 17, 2024;
- (vii) the activities of the Trustee since the Filing Date; and
- (viii) the Trustee's recommendation as requested by the Company that this Court make:
  - (a) an order (the "**Approval and Vesting Order**"), *inter alia*, approving the Transaction including direction and authorization for the Trustee to distribute the Warrants, as defined later in this First Report, to the 2023 Noteholders, as defined later in this First Report;
  - (b) an order (the "**Administration Order**"), *inter alia*,
    - a. approving the DIP Facility and DIP Term Sheet;
    - b. approving the Administration Charge, the Directors' Charge, and the DIP Charge and the proposed priorities over the Property of same;

- c. approving the extension of the Proposal Period to March 17, 2024; and
- d. approving this First Report and the activities, actions and conduct of the Trustee set out herein.

### III. TERMS OF REFERENCE

7. In preparing this First Report, the Trustee has relied upon certain unaudited, draft, and / or internal financial information prepared by representatives of the Company, the Company's books and records, and discussions with representatives of the Company and the Company's legal counsel (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in this First Report, the Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants of Canada Handbook* and, as such, the Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
8. Future orientated financial information contained in the Cash Flow Forecast is based on the Company's estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved.
9. Parties using this First Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes, and consequently should not be used for any other purpose.
10. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

### IV. GENERAL BACKGROUND INFORMATION ON THE COMPANY

11. The Company's business, affairs, financial performance, and position, as well as the causes of insolvency, are detailed in the affidavit of Mr. Eric Kimmel ("**Mr. Kimmel**"), a director and Chair of the Board of Good Fat, sworn January 12, 2024 (the "**Kimmel Affidavit**") in support of the within motion. This First Report should be read in conjunction with the Kimmel Affidavit, as certain information contained in the Kimmel Affidavit has not been included herein in order to avoid unnecessary duplication. A copy of the Kimmel Affidavit (without exhibits) is attached hereto as **Appendix "B"**.

#### **General Background**

12. The Company was incorporated under the *Business Corporations Act* (Ontario) in 2015. Good Fat develops and sells snack products which include health-oriented snack bars and other snack food products under various trade names including Love Good Fats, Love Good Protein, Love Good Sugar Free, Love Good and Suzie's Good Fats. The

Company's head office is located in Toronto, Ontario and its production is completed through manufacturing partners (“Co-Mans”) at facilities in Markham, Ontario and McMinnville, Oregon, United States. Ingredients are purchased either directly by Good Fat and delivered to the Co-Mans for production or are purchased by the Co-Mans. The Co-Mans charge Good Fat for ingredients purchased on its behalf along with a manufacturing tolling fee. Good Fat's warehousing and logistics are fulfilled by unrelated third parties. Product sales have historically been made through Canadian and U.S. retail and e-commerce channels.

13. Good Fat has a 100% owned US subsidiary, Iron-Tribe Management LLC (“Iron-Tribe”), which was set up to process and administer payroll for US based employees. The Trustee understands that historically there have been no products sold or other costs incurred by Iron-Tribe and that Iron-Tribe charged Good Fat a 7% fee for the payroll services. The Trustee further understands that there has been no activity in Iron-Tribe since November 2022.
14. As of the Filing Date, Good Fat employed approximately eight (8) salaried and hourly individuals (the “Employees”) and had one (1) independent contractor. There is no Company sponsored pension plan for the Employees, nor are any of the Employees unionized.

### Good Fat's Historical Financial Results

15. Summarized below are the historical financial results for Good Fat for the fiscal year ended December 31, 2021, the fiscal year ended December 31, 2022 as well as for the period covering the eleven-months ended November 30, 2023.

<b>The Good Fat Co. Ltd.</b>			
<b>Historical P&amp;L for the periods ended December 31, 2021, December 31, 2022 and November 30, 2023</b>			
<b>(in CAD)</b>			
	<b>Unaudited Nov-23 YTD</b>	<b>Audited 22-Dec</b>	<b>Audited 21-Dec</b>
<b>Net Revenue</b>	<b>9,452,642</b>	<b>17,797,217</b>	<b>18,537,074</b>
<b>Cost of sales</b>	<b>7,109,935</b>	<b>13,757,150</b>	<b>12,885,676</b>
<b>Gross Margin</b>	<b>2,342,707</b>	<b>4,040,067</b>	<b>5,651,398</b>
<b>Gross Margin %</b>	<b>25%</b>	<b>23%</b>	<b>30%</b>
<b>Expenses</b>			
Salaries and benefits	1,802,886	2,395,005	3,131,591
Selling expense	1,230,791	1,841,116	2,197,113
Freight-out expense	921,673	1,361,861	1,288,026
Interest expense, net	1,007,117	1,079,084	1,050,509
Marketing expense	870,652	1,027,970	1,850,250
General office expense	347,778	489,434	550,631
Stock-based compensation	916,667	433,173	500,078
Professional fees	290,946	304,336	746,686
Supply chain expense	80,054	129,146	136,762
Amortization of deferred financing fees	76,527	62,845	62,845
Depreciation expense	9,011	10,424	18,578
Foreign exchange gain	10,131	(15,032)	(24,158)
<b>Total Expenses</b>	<b>7,564,233</b>	<b>9,119,362</b>	<b>11,508,911</b>
Loss before the undernoted and income taxes	(5,221,526)	(5,079,295)	(5,857,513)
Other expenses	(52,421)	(429,307)	(1,380,530)
<b>Loss before income taxes</b>	<b>(5,273,947)</b>	<b>(5,508,602)</b>	<b>(7,238,043)</b>
Future income tax expense	-	-	3,005,043
<b>Net loss</b>	<b>(5,273,947)</b>	<b>(5,508,602)</b>	<b>(10,243,086)</b>
<b>Deficit, beg of year</b>	<b>(40,138,142)</b>	<b>(34,629,540)</b>	<b>(24,386,454)</b>
<b>Deficit, end of year</b>	<b>(45,412,089)</b>	<b>(40,138,142)</b>	<b>(34,629,540)</b>

16. As detailed above, the Company incurred a net loss of approximately \$5.3 million for the eleven-month period ending November 30, 2023, approximately \$5.5 million for the fiscal period ending December 31, 2022, and approximately \$10.2 million for the fiscal period ending December 31, 2021 (together the “Reporting Period”). The Trustee understands that the losses incurred during the Reporting Period are primarily due to Good Fat’s inability to generate sufficient revenue to offset the Company’s operating costs. Historically, Good Fat has been able to continue operating during the Reporting Period as a result of funding provided by the Company’s secured stakeholders by way of promissory notes, convertible notes and subordinated debentures, as discussed below.
17. Set out below is Good Fat’s unaudited balance sheet as at November 30, 2023:

<b>The Good Fat Co. Ltd.</b>	
<b>Unaudited Balance sheet at November 30, 2023</b>	
<b>(in CAD)</b>	
<b>Assets</b>	
Cash and cash equivalents	341,481
Accounts receivable	834,173
Inventories	3,437,500
Prepaid & other expenses	99,376
<b>Current assets</b>	<b>4,712,530</b>
Property & Equipment	8,182
<b>Total Assets</b>	<b>4,720,712</b>
<b>Liabilities</b>	
Accounts payable	1,686,982
Accrued liabilities	1,123,549
Other current liabilities	48,410
<b>Total Current Liabilities</b>	<b>2,858,941</b>
Note Liability, net	2,971,603
Debenture Liability, net	17,062,957
<b>Total Liabilities</b>	<b>22,893,501</b>
Common shares	15,051,126
Preferred shares	7,212,338
Additional paid in capital	4,976,407
Cumulative translation adjustment	(571)
Opening retained earnings	(40,138,142)
Net loss	(5,273,947)
<b>Total shareholders' equity</b>	<b>(18,172,789)</b>
<b>Total Liabilities and Equity</b>	<b>4,720,712</b>

18. As presented above, Good Fat had total assets with a book value of approximately \$4.7 million as at November 30, 2023, which, given the nature of its business, is principally comprised of inventory and accounts receivable. The book value of Good Fat’s total liabilities as at November 30, 2023 was approximately \$22.9 million, excluding the Class Action Case and LG’s, defined later in this First Report. The single largest creditor of Good Fat is Export Development Canada (“EDC”), which was owed approximately \$14 million as at November 30, 2023, excluding amounts paid by EDC in respect of the RBC LG Facility, as defined below. The amounts owed to EDC are discussed in further detail below. As at November 30, 2023, the date of the most recent internal financial statements, the book value of Good Fat’s total liabilities significantly exceeded the book value of its total assets.

## Secured Creditors

19. A copy of the creditor list included as part of Good Fat's NOI filing is attached hereto as **Appendix "C"**.

### Pathward, National Association

20. On February 4, 2019, Pathward National Association ("**Pathward**"), formerly known as Crestmark, a division of Metabank, National Association provided a loan facility pursuant to which Pathward could advance funds to Good Fat against valid accounts receivables (the "**Pathward Facility**"). The maximum amount that could be advanced by Pathward to Good Fat at any given time is subject to an advance formula and limited to a maximum of the sum of \$1.5 million and US\$1.5 million (the "**Maximum Amount**").
21. The Pathward Facility fees include:
- (i) Loan Fee: An annual loan fee of 1% of the Maximum Amount;
  - (ii) Late Reporting Fee: \$150 per document per business day for any day in which any report, financial statement or schedule is delivered late;
  - (iii) Lockbox Fee: costs in connection with the lockbox bank account maintained by Pathward; and
  - (iv) Exit Fee: 1% of the Maximum Amount, estimated at the sum of \$15,000 and US\$15,000, which is payable on the prepayment of all obligations under the Pathward Facility.
22. The Pathward Facility includes a minimum loan balance of the sum of \$500,000 and US\$500,000 (the "**Minimum Loan Balance**"). If the actual average outstanding principal balance in any month is less than the Minimum Loan Balance, the Company must pay interest for such month calculated on the Minimum Loan Balance. The interest rate applicable in respect of the \$1.5 million portion of the Pathward Facility is the greater of 4.05% plus the prime rate per the Canadian Imperial Bank of Commerce and 7.75%. The interest rate applicable in respect of the US\$1.5 million portion of the Pathward Facility is the greater of 2.75% plus the prime rate according to the Wall Street Journal and 7.75%. The estimated monthly interest under the Pathward Facility as a result of the Minimum Loan Balance is approximately \$11,000.
23. Good Fat provided Pathward with security on all of the Company's present and after-acquired personal property (but limited to a secured amount of \$3,000,000), (collectively, the "**Pathward Security**"). As noted in the Kimmel Affidavit, Pathward has filed a registration under the *Personal Property Security Act* (Ontario) (the "**PPSA**") against all of the Company's personal property.

24. As described in the Kimmel Affidavit, the Company has advised the Trustee that: (i) there are currently no advances outstanding under the Pathward Facility, (ii) Good Fat is current on monthly fees owing to Pathward, and (iii) Good Fat does not believe the Exit Fee will be payable in the circumstances.

#### Convertible Notes

25. The Trustee understands that in accordance with a non-binding summary of terms and conditions dated March 15, 2023, EDC and InvestEco Sustainable Food Fund III, L.P. ("**InvestEco**"), as investors, were to provide the Company with approximately \$1.5 million and \$1 million respectively, in one or more tranches, pursuant to secured, convertible promissory notes. Such summary of terms and conditions allowed for up to \$4 million to be issued to other investors subject to certain conditions.

26. The Trustee understands that to date, approximately \$2.875 million of the allowed \$4 million have been issued by Good Fat under certain convertible instruments as follows:

- (i) EDC in the amount of \$1 million, pursuant to the secured convertible promissory note dated April 19, 2023; The Trustee has been advised by the Company that a further \$500,000 has been advanced on a secured basis by EDC for a total sum of \$1.5 million;
- (ii) InvestEco in the amount of \$670,000 pursuant to the secured convertible promissory note dated April 20, 2023. The Trustee has been advised by the Company that a further \$330,000 has been advanced on a secured basis by InvestCo for a total sum of \$1 million;
- (iii) Healthy Me Inc. ("**Healthy Me**"), in the amount of \$50,000, pursuant to the secured convertible promissory note dated April 20, 2023;
- (iv) Anthony Longo ("**Longo**"), in the amount of \$100,000, pursuant to the secured convertible promissory note purchase agreement dated July 31, 2023. The Trustee has been advised that Longo holds the applicable security on behalf of "Longo Family Capital LP".
- (v) Kathryn From ("**From**"), in the amount of \$50,000, pursuant to the secured convertible promissory note purchase agreement dated August 3, 2023. The Trustee has been advised that From holds the applicable security on behalf of "Wonderment Ventures Inc.";
- (vi) 10530859 Canada Inc. ("**10530859**"), in the amount of \$100,000, pursuant to the secured convertible promissory note purchase agreement dated August 8, 2023;

(vii) Edmund O’Keeffe (“**O’Keeffe**”), in the amount of \$50,000, pursuant to the secured convertible promissory note purchase agreement dated August 11, 2023. The Trustee has been advised that O’Keeffe holds the applicable security on behalf of “O’Keeffes of Kilkenny Ltd” and

(viii) 2586577 Ontario Inc. (“**2586577**”), in the amount of \$50,000, pursuant to the secured convertible promissory note purchase agreement dated September 14, 2023.

in accordance with the summary of terms and conditions described above, the “**2023 Notes**”, and each counterparty to Good Fat under the 2023 Notes, a “**2023 Noteholder**”.

27. Interest on the 2023 Notes accrues on a cash basis at 12% payable on maturity. The Company estimates that interest of approximately \$185,000 has accrued up to November 30, 2023. The 2023 Notes mature at the earlier of (i) March 31, 2025 (ii) the date of a voluntary or involuntary liquidation, dissolution or winding up of the Company or a sales transaction and (iii) an event of default.
28. The 2023 Notes are subordinated to the Pathward Security and the RBC Security (as defined below) and, on January 15, 2024, the Trustee received confirmation of the following security from Good Fat in connection with the 2023 Notes: the (i) amended and restated security agreement dated April 20, 2023 between Good Fat, Iron-Tribe and EDC, (ii) the amended and restated security agreement dated April 20, 2023 between Good Fat, Iron-Tribe and InvestEco, (iii) the amended and restated security agreement dated April 20, 2023 between Good Fat, Iron-Tribe and Healthy Me; and (iv) a general security agreement between Good Fat and each of Longo dated July 31, 2023, From dated August 3, 2023, 10530859 August 8, 2023, 2586577 dated September 14, 2023 and O’Keeffe dated August 11, 2023 (collectively, the “**2023 Note Security**”).<sup>1</sup>
29. The Trustee has received a written opinion from its independent legal counsel, Cassels, confirming that, subject to typical qualifications and assumptions, the 2023 Note Security is valid and enforceable in accordance with its terms in the province of Ontario.

#### Royal Bank of Canada

30. On September 11, 2019, Royal Bank of Canada (“**RBC**”) provided the Company with a credit facility which was amended and restated on August 23, 2021, allowing the Company to issue letters of guarantee (each an “**LG**” and combined the

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<sup>1</sup> Signature pages to the general security agreements with Healthy Me, Longo, From, 10530859, 2586577 and O’Keeffe were received by the Trustee on January 15, 2024. The counsel to the Company has advised that executed copies from April 20, 2023, July 31, 2023, August 3, 2023, August 8, 2023, September 14, 2023 and August 11, 2023 respectively could not be located and therefore these security agreements were signed on January 15, 2024.

“**RBC LG Facility**”) up to a maximum of \$2.5 million and a credit card facility of up to a maximum amount of \$60,000 (the “**RBC Credit Card Facility**”). The RBC LG Facility expired on December 31, 2023.

31. The Company had granted RBC security on all of the Company’s present and after-acquired personal property, (collectively, the “**RBC Security**”) subordinate only to the Pathward Security. Pathward has filed a registration under the PPSA against all of the Company’s personal property.
32. In addition to the RBC Security, EDC provided RBC with an Account Performance Security Guarantee Certificate confirming EDC’s guarantee of 100% of the amount of each LG issued (the “**EDC PSG**”).
33. Prior to the expiration of the RBC LG Facility, the Trustee understands that two LGs were called by Good Fat’s suppliers in the approximate amounts of \$1.1 million and \$832,000 respectively. The Trustee further understands that EDC has repaid RBC pursuant to the EDC PSG in the amount of these LG’s (the “**EDC LG Repayment**”) and no further amount is owing to RBC at this time under the RBC LG Facility. As described in the Kimmel Affidavit, EDC may be subrogated on a secured basis for the amount of the EDC LG Repayment but has not yet asserted that secured claim.
34. The Trustee also understands that Good Fat continues to use the RBC Credit Card Facility which has not been cancelled and as indicated in the Cash Flow Forecast amounts owing under the RBC Credit Card Facility will be paid in due course by the Company.

#### EDC Subordinated Debentures

35. On June 28, 2019, EDC advanced \$5 million pursuant to a subordinated debenture agreement (the “**5M EDC Subordinated Debenture**”). Interest on the 5M EDC Subordinated Debenture accrues on a cash basis at 8% payable on maturity. The Company estimates that interest of approximately \$370,000 has accrued up to November 30, 2023. Amounts owing to EDC under the 5M EDC Subordinated Debenture including principal and interest are to be repaid at the earlier of (i) June 21, 2023, (ii) a liquidity event, (iii) an event of default as outlined in the 5M EDC Subordinated Debenture, or (iv) on notice to EDC in accordance with the prepayment provisions of the 5M EDC Subordinated Debenture.
36. On December 20, 2019, EDC advanced a further \$7 million pursuant to a subordinated debenture agreement, which agreement was amended and restated on May 14, 2020, to provide EDC an option, in its sole discretion, to convert all or any part of the unpaid principal balance and accrued and unpaid interest thereon at any time prior to the maturity date into common shares (the “**7M EDC Convertible Subordinated Debenture**” and together with the 5M EDC Subordinated Debenture, the “**EDC Debentures**”).

37. Amounts owing to EDC under the 7M EDC Convertible Subordinated Debenture including principal and interest are to be repaid at the earliest of (i) May 14, 2025, (ii) a liquidity event as defined in the 7M EDC Convertible Subordinated Debenture and (iii) an event of default as defined in the 7M EDC Convertible Subordinated Debenture.
38. The Company has granted EDC security on all of the Company's present and after-acquired personal property with respect to the EDC Debentures (the "**EDC Debenture Security**"), which is subordinate to the Pathward Security, the RBC Security and, pursuant to the Third Amended and Restated Intercreditor and Subordination Agreement dated April 20, 2023 between Good Fat, InvestEco, EDC and Pathward (the "**Intercreditor Agreement**") and, by joinder,<sup>2</sup> the 2023 Note Security.

#### InvestEco Subordinated Debentures

39. On September 15, 2020, InvestEco and the Company entered into a subordinated convertible debenture agreement (the "**3M InvestEco Convertible Subordinated Debenture**") whereby InvestEco advanced \$3 million to the Company. The Company estimates that interest of approximately \$222,000 has accrued up to November 30, 2023.
40. The Trustee understands that in order to secure advances made under the 3M InvestEco Convertible Subordinated Debenture, Good Fat granted security in favour of InvestEco in all of its present and after-acquired personal property, subordinate to the Pathward Security, the RBC Security, the 2023 Note Security pursuant to the Intercreditor Agreement, and the EDC Debenture Security.

#### Leasing Creditors

41. The Trustee is not aware of any other registrations made pursuant to the PPSA. A copy of the PPSA search results is attached as **Appendix "D"** to this First Report.

#### Governmental Agencies

42. The Trustee understands that the Company does not currently owe amounts to Canada Revenue Agency ("**CRA**") in respect of harmonized sales tax ("**HST**"), Quebec sales tax ("**QST**") or source deductions for filings reported to date. The Company estimates that approximately \$10,000 will be owed to CRA for HST and QST on filing its returns for December 2023.

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<sup>2</sup> Pursuant to a series of joinder to intercreditor agreements, each of Healthy Me, Longo, From, 10530859, O'Keeffe and 2586577 have joined the Intercreditor Agreement.

## Unsecured Creditors

### Landlord

43. As at the date of this First Report, the Trustee understands that no amounts are owed to Good Fat's landlord, 56 The Esplanade Inc. (the "**Landlord**").

### Other Unsecured Creditors

44. In addition to the aforementioned amounts owing by Good Fat, the Company estimates that it had arms-length unsecured obligations totaling approximately \$1.0 million as at the Filing Date excluding the potential claims by EDC pursuant to the EDC PSG and excluding the claims in connection with the Class Action Case as defined below.
45. In June 2022, the Company was named as defendant in a class action lawsuit against it (the "**Class Action Case**") as discussed in the Kimmel Affidavit. The Class Action Case was filed in the United States Court of the Northern District of California ("**California Court**") and alleges that the Company used deceptive and misleading practices with respect to the marketing and sale of its snack products. The Class Action Case alleges that the total claims of individual members of the proposed class are in excess of US\$5 million, exclusive of interest and costs. The Trustee understands that the California Court has allowed one of the three complaints filed to proceed. As noted in the Kimmel Affidavit, Good Fat was unable to source funding from investors to defend the Class Action Case, which costs were estimated to be approximately \$500,000. Prior to these NOI Proceedings the Class Action Case was moving towards deposition proceedings.
46. Pursuant to recent litigation searches conducted by Cassels, there is a litigation pending under Case Number CV- 20-640396 in respect of an Employment or Labour Law dispute for the amount of \$1,050,000. The Company has advised the Trustee that this pertains to a claim filed by a former employee against the Company in 2020, for "wrong hiring" and/or negligent misrepresentation and/or in the alternative, for wrongful dismissal, and/or breach of contract and gross negligence. The Company has advised this matter was settled in March 2023 pursuant to a letter of settlement dated March 22, 2023.

## V. EVENTS LEADING TO THE COMPANY'S NOI PROCEEDINGS

47. As noted in the Kimmel Affidavit, Good Fat has been unable to scale its volume to break-even since it launched product in late 2017. Since 2017, Good Fat's revenue has grown by building brand recognition through marketing efforts including attending events, providing sampling tables at grocery store chains and other means. As a result of Covid-19, most retailers moved towards a clean floor policy resulting in the removal of sampling tables. In addition, the increase in those working from home reduced demand for its snack product and generally reduced spending on this segment of the market. As noted earlier in this First Report, Good Fat reported net losses in excess of \$21 million over the Reporting Period.

48. Despite the Company's efforts to reduce operating costs, the Company has been unable to increase revenue to the level required for it to generate positive cash flows and as a result continues to sustain ongoing operating losses.
49. In addition, the Company has been unable to repay amounts due under the 2023 Notes and the 5M EDC Subordinated Debenture which were due in March 2023 and June 2023 respectively.
50. Good Fat has been dependent on its secured creditors to fund ongoing losses and continue operations. However, these secured creditors have advised they will no longer provide this funding. The Company does not have sufficient liquidity to continue operations and has been unable to secured additional funding which has been hindered as a result of the outstanding Class Action Case.
51. As a result of the forgoing, the Company determined that, in the circumstances, the best course of action was for Good Fat to file an NOI to provide the Company with the necessary time to stabilize its business and complete the Transaction.

## **VI. THE TRANSACTION**

52. As noted in the Kimmel Affidavit, leading up to these NOI Proceedings, management of the Company engaged in discussions with prospective interested parties, including Propel, to determine whether a sale of the Company or of the business and its assets was likely. After numerous discussions, the Company determined that Propel was the only party interested in purchasing the assets of the Company.
53. As outlined in the Kimmel Affidavit, the Transaction is being presented to the Court for approval as a "pre-pack", with no formal sale or investment solicitation process ("**SISP**") to be run in the NOI Proceedings. The reasons for this are:
  - (i) the historic and current financial struggles outlined above including the Class Action Case which has impeded Good Fat's ability to raise sufficient funding to continue operations;
  - (ii) the past unsuccessful marketing efforts outlined in the Kimmel Affidavit;
  - (iii) the lack of funding available to run a further solicitation process; and
  - (iv) the secured creditors' desire to have the Transaction consummated, despite the fact that they will receive no cash proceeds and a shortfall of approximately 92% of their secured debt.
54. In addition to the above, the Trustee understands that the value of the brand will continue to erode as the Company's inventory continues to deplete resulting in the delisting of products and resulting loss of shelf space.

55. In the days leading up to the Filing Date, the Company, in consultation with its counsel and the Trustee, engaged in discussions with 10007 's counsel, whereby 10007 expressed an interest in acquiring substantially all of the Property of the Company with a view to continuing operating the business as a going concern.
56. These discussions culminated in the Asset Purchase Agreement between the Company and the Purchaser, subject to Court approval.
57. The Transaction contemplated under the Asset Purchase Agreement ensures that the business will emerge as a going concern and provides investors in the 2023 Notes with warrants in 10007 (the "**Warrants**") which have an estimated value of approximately \$240,000 (approximately 8% recovery).
58. Each of the investors of the 2023 Notes has consented to the Transaction in accordance with the terms and conditions set out in the Asset Purchase Agreement despite them receiving an 92% shortfall. A copy of the consent is included as Exhibit "F" to the Kimmel Affidavit.
59. From a business valuation perspective, conventional approaches such as a discounted cash flow approach or multiple of earnings approach would result in negative valuations as a result of the Company's sustained and ongoing operating losses previously described.
60. Given the lack of interest by prospective purchasers as outlined in the Kimmel Affidavit, the ongoing cash losses noted, and the estimated 82% shortfall to the 2023 Notes, it is unlikely a SISP would result in proceeds sufficient to cover the costs of the process plus fully repay the 2023 Notes. Moreover, the Company is not in a position to fund a SISP and continue to operate; and, the Trustee is not aware of any alternative sources of funding.
61. The Trustee further notes that any proceeds that could theoretically be generated through a SISP beyond repayment of the 2023 Notes would first be to the benefit of the 5M EDC Subordinated Debenture and then to the benefit of the 7M EDC Convertible Subordinated Debenture. As a result, the party most prejudiced by the Transaction is EDC which supports and has consented to the Transaction. Proceeds from a SISP would need to exceed approximately \$19 million plus costs in order for unsecured creditors to receive any distribution.

### **The Asset Purchase Agreement**

62. A copy of the Asset Purchase Agreement is attached as **Appendix "E"** (capitalized terms in the section below not otherwise defined have the meanings given to them in the Asset Purchase Agreement).
63. The key terms and conditions of the Asset Purchase Agreement are provided below.
  - (i) **Purchaser:** 1000747000 Ontario Inc.

- (ii) **Purchase Price:** estimated to be \$200,000 in cash and the equivalent of \$240,000 value in the form of Warrants (the “**Purchase Price**”), comprising the following amounts:
  - (a) any and all amounts secured by the Administration Charge and the Directors’ Charge at Closing. While the APA does not expressly contemplate a Directors’ Charge, the Purchaser and Good Fat have agreed that such charge shall be included in the Purchase Price;
  - (b) any and all amounts secured by the DIP Charge at Closing;
  - (c) an amount equal to the Priority Payables;
  - (d) the Warrants, as previously set out herein; and
  - (e) the assumption by the Purchaser of the Assumed Obligations.
  
- (iii) **Deposit:** contemporaneously with the execution and delivery of the Asset Purchase Agreement by the Purchaser, the Purchaser delivered a third-party deposit of \$50,000 to the Trustee (the “**Deposit**”) to secure the fees and disbursements of the Trustee in connection with the NOI Filing. The Deposit shall be held by the Trustee in an interest-bearing bank account.
  
- (iv) **Purchased Assets:** substantially all of Good Fat’s right, title and interest in Good Fat’s properties, assets and rights, other than the Excluded Assets, including, without limitation: (i) the Assumed Contracts, (ii) the Intellectual Property, (iii) the Inventory, (iv) the Equipment, (v) the Personal Property, (vi) the Licenses and Permits, (vii) the Receivables, (viii) the Books and Records; and (ix) all goodwill and other intangible assets associated with the Business, including all customer lists, telephone and facsimile numbers used in or related to the Business.
  
- (v) **Assumed Obligations:** all of Good Fat’s liabilities under the Assumed Contracts, Liabilities and Claims relating to the Purchased Assets, Employee Liabilities in respect of any of the Transferred Employees and all Taxes that arise or accruing from the use of the Purchased Assets, in each case, solely in respect of the period from and after Closing.
  
- (vi) **Excluded Assets:** Save and except as otherwise expressly set out in the Asset Purchase Agreement, the Purchaser may, at its option at any time prior to Closing, and without deduction, abatement or set off of the Cash Purchase Price, exclude any of the Purchased Assets from the Transaction.
  
- (vii) **Excluded Liabilities,** all of Good Fat’s obligations other than the Assumed Obligations, including (collectively, the “**Excluded Liabilities**”):

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to Closing; and
  - (b) All Employee Liabilities that arise out of or result from the employment or engagement by Good Fat of any of the Employees (other than Transferred Employees) (unless otherwise imposed by law) and/or the termination or severance of such engagement or employment.
- (viii) **Representations and Warranties:** the Transaction is subject to typical representations and warranties, for a transaction of this nature, as well as a representation and warranty on behalf of the Purchaser that, as at the Closing Date: (i) the Purchaser will have 8,000,000 common shares outstanding and a total capitalized value of \$1,200,000, (ii) the next \$300,000 of capitalization contributed by the original shareholders shall be by way of equity investment via common shares.
- (ix) **Acquisition of Assets on “As Is, Where Is” Basis** – the acquisition is on an “as is, where is” basis and includes an acknowledgement that the Purchaser has relied solely on its own independent review and investigation and that it has not relied on any representation by Good Fat, the Trustee or their respective agents, employees, or advisors.
- (x) **Closing Date:** the first Business Day that is ten (10) days after the date on which the conditions set forth in Article 4 of the Asset Purchase Agreement have been satisfied or waived by the appropriate Party, or such other date that the Parties, acting reasonably, may mutually agree.
- (xi) **Material Conditions:** the Transaction is subject to typical conditions applicable to a transaction of this nature, including the following conditions:
- (a) all investors of the 2023 Notes shall consent to the Transaction by December 29, 2023; and
  - (b) the Administration Order, approving the DIP Lender’s Charge, and the Approval and Vesting Order must be issued by the Court not later than January 15, 2024, substantially in the form of the model order approved by the “Ontario Commercial List Users Committee”. (Because of Court availability, a hearing date was not available until January 16, 2024. Both Good Fat and 10007 agreed that such hearing date would be acceptable.)
- (xii) **Termination:** the Asset Purchase Agreement is subject to the typical termination provisions for transactions of this nature, including that the Asset Purchase Agreement can be terminated if:
- (a) at the Purchaser’s option at any time prior to the date on which the Court hears the application for the Approval and Vesting Order. In such case the balance of the then-existing Deposit will be forfeited to Good Fat; and

(b) in the event the Purchased Assets shall be materially damaged prior to Closing, by either Party. In such case the Parties shall be released from all obligations and liabilities under the Asset Purchase Agreement. If the Parties shall not elect to terminate, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof.

(xiii) The Agreement does not contain any condition or contingency relating to due diligence or financing or any other material conditions precedent to the Purchaser's obligation to complete the Transaction (save and except for issuance of the Approval and Vesting Order by the Court).

### **Asset Purchase Agreement Recommendation**

64. The Trustee has considered whether the Purchaser's offer should be approved and has determined that the Court should approve the Transaction contemplated thereby in light of, among others, the following considerations:

- (i) the Asset Purchase Agreement provides certainty to investors of the 2023 Notes and the investors of the 2023 Notes are supportive of the Asset Purchase Agreement;
- (ii) the Asset Purchase Agreement provides continued employment for certain of the Company's employees, subject to the Purchaser's discretion, and provides certainty for other stakeholders that a going concern transaction will be completed;
- (iii) the Trustee is of the view that the Transaction is not prejudicial to the Company's other creditors given that there will be a significant shortfall to Good Fat's secured creditors, all of whom have consented to the Transaction;
- (iv) there is insufficient funding to run a further sale process; and
- (v) the terms of the Asset Purchase Agreement are commercially reasonable.

### **VII. CASH FLOW FORECAST**

65. The Company, with the assistance of the Trustee, prepared the Cash Flow Forecast, which, in accordance with Section 50.4(2) of the BIA, was filed with the Official Receiver on January 12, 2024. A copy of the Cash Flow Forecast is attached hereto as **Appendix "F"** and is summarized below:

**The Good Fat Co. Ltd.**  
**Cash Flow Forecast**  
**For the Period Jan 8, 2023 to April 5, 2024**

**Receipts:**

Collection of existing accounts receivable	186,316
DIP Receipts	200,000
<b>Total Receipts</b>	<b>386,316</b>

**Disbursements**

Payroll, Contractors and Related Benefits	74,080
Product and Ingredient Costs	-
Insurance	8,133
Expenses billed to credit cards	60,000
Rent	-
HST/QST Remittances	10,000
3PL & Freight	116,000
Propel Natural Brands (CDN Broker)	10,000
Customer service costs	3,000
QB server/hosting costs	1,000
Bank interest and fees	47,750
Critical Suppliers	-
Restructuring Professional Fees	150,000
Contingency	20,000
<b>Total Disbursements</b>	<b>499,963</b>

<b>Net Cash Flow</b>	<b>(113,647)</b>
<b>Opening Cash Balance</b>	<b>157,569</b>
<b>Ending Cash Balance</b>	<b>43,921</b>

<b>DIP - Opening Balance</b>	<b>-</b>
<b>DIP Draws</b>	<b>200,000</b>
<b>DIP Interest</b>	<b>22,387</b>
<b>DIP - Ending Balance</b>	<b>222,387</b>

66. The Cash Flow Forecast projects that the Company will experience a net cash outflow of approximately \$314,000 (before any DIP drawdown) over the Forecast Period, comprised of:
- (i) cash receipts of approximately \$186,000, primarily related to collection of accounts receivable; and
  - (ii) cash disbursements of approximately \$500,000, primarily consisting of operating expenses, repayment of amounts owing under the RBC Credit Card Facility, payroll expenses and professional fees in connection with the NOI Proceedings.
67. The Cash Flow Forecast projects borrowings under the DIP Facility of \$200,000 during the Forecast Period which are to be advanced under the DIP Term Sheet and will be subject to the terms and conditions thereof.
68. The Purchased Assets include accounts receivable and cash on hand, and as a result, depending on the timing of Closing of the Transaction, certain post-filing disbursements may not have been paid. As such, it is contemplated that the Trustee will hold in trust, from cash on hand at closing and to the extent necessary, DIP draws, funds for the purpose of making final payments as contemplated in the Cash Flow Forecast.

69. As evidenced by the Cash Flow Forecast, without access to the DIP Facility, the Company lacks sufficient liquidity to maintain operations. The DIP Facility is expected to provide the Company with sufficient funding during the Forecast Period and to ensure Good Fat's continued operations during the NOI Proceedings.
70. Management's report on the Cash Flow Forecast as required by Section 50.4(2)(c) of the BIA and the Trustee's report on the Cash Flow Forecast as required by Section 50.4(2)(b) of the BIA are attached hereto as **Appendix "G"** and **Appendix "H"**, respectively.

## VIII. DIP FACILITY

71. As discussed above, the DIP Facility is required to provide for payment of post-filing expenses and priority amounts contemplated in the Cash Flow Forecast.
72. Attached as **Appendix "I"** is a copy of the DIP Term Sheet.
73. The principal terms of the DIP Term Sheet include (capitalized terms in the table below not otherwise defined have the meanings given to them in the DIP Term Sheet):

Basic Provisions	Description
<b>Availability</b>	\$200,000
<b>Lender</b>	1000747000 Ontario Inc.
<b>Borrowers</b>	The Good Fat Co. Ltd.
<b>Purpose</b>	To fund (i) working capital needs in accordance with the cash flow projections approved by the Trustee and the DIP Lender from time to time; (ii) the DIP Lender's Fees and Expenses; (iii) the professional fees and expenses incurred by the Company and the Trustee in respect of the NOI Proceedings; (iv) the professional fees and expenses incurred by Richter in its capacity as trustee in the subsequent bankruptcy of Good Fat; and (v) such other costs and expenses of the Company as may be agreed to by the DIP Lender in writing and with the consent of the Trustee.
<b>Interest Rate</b>	7.2% per annum, calculated monthly on a daily balance outstanding.
<b>Repayment Date</b>	The earlier of: (i) the occurrence of an Event of Default (as defined below), (ii) the date on which the Company's NOI Proceedings are terminated, (iii) the date upon which a sale of substantially all of the business and assets of the Company is completed, and (iv) January 31, 2024 (or such other date as the DIP Lender may agree).
<b>Security</b>	A court-ordered super-priority charge (i.e., the DIP Charge) on all of the existing and after-acquired property of the Company.
<b>Conditions</b>	The obligation of the DIP Lender to make the DIP Facility available to the Company is subject to and conditional upon the satisfaction (or waiver thereof) of each of the following conditions:  (a) receipt of the entered Administration Order in a form satisfactory to the DIP Lender by January 15, 2024, which, among other things: (i) approves the DIP Charge, including its priority ranking; and (ii) approves the Administration Charge up to a maximum amount of \$150,000;

	<ul style="list-style-type: none"> <li>(b) receipt of the Approval and Vesting Order by January 16, 2024;</li> <li>(c) the issuance of the Directors' Charge;</li> <li>(d) the Administration Order and the Approval and Vesting Order shall not have been amended or varied in a manner adverse to the DIP Lender, or stayed, without the consent of the DIP Lender, and shall continue to be in full force and effect;</li> <li>(e) receipt of a duly executed copy of the DIP Term Sheet; and</li> <li>(f) delivery by the Company to the DIP Lender of any such further security or documentation that the DIP Lender and its lawyers may reasonably require to give effect to the foregoing.</li> </ul>
<b>Event of Default</b>	<p>The DIP Lender has the right to demand payment at any time (but cannot exercise any rights and remedies without Court approval, sought on at least five days' notice), if any one or more of the following events (an "<b>Event of Default</b>") has occurred and is continuing:</p> <ul style="list-style-type: none"> <li>(a) the Company fails to pay when due any principal, fees or other amounts due under the DIP Term Sheet;</li> <li>(b) the Company breaches any covenant, term, condition or other provision of the DIP Term Sheet or any other document delivered to the DIP Lender in respect thereof;</li> <li>(c) either the Administration Order or the Approval and Vesting Order are stayed, set aside, or varied in a manner adverse to the DIP Lender, without the consent of the DIP Lender, or any other order of the Court is issued in the NOI Proceedings, which may be prejudicial to the DIP Lender's interests;</li> <li>(d) the stay of proceedings resulting from the NOI Proceedings is terminated or lifted in whole or in part without the consent of the Company and the DIP Lender;</li> <li>(e) substantially all of the business or assets of the Company are sold, except pursuant to this Transaction or as may be otherwise approved by the DIP Lender in writing in advance;</li> <li>(f) any default or failure by the Company to make any payment of any Priority Claims due and payable arising from and after the commencement of the NOI Proceedings; and</li> <li>(g) the Company becomes bankrupt or the appointment of a receiver, receiver and manager, or other officer of the Court is made, all or any significant part of the assets of the Company.</li> </ul>

### DIP Facility Recommendation

74. In consideration of the factors set out in subsection 50.6(5) of the BIA with respect to the granting of a Court order for interim financing and a charge related thereto, the Trustee is of the view that the terms of the DIP Facility are reasonable and appropriate for the following reasons:

- (i) the DIP Facility enhances the prospect that the Company will be able to successfully complete the Transaction and complete the NOI Proceedings expeditiously;

- (ii) secured creditors under or subordinate to the 2023 Notes have been consulted and are supportive of the DIP Facility;
- (iii) The Trustee does not believe that creditors will be prejudiced as a result of the approval of the DIP Facility – to the contrary, they will benefit from it as it will allow Good Fat to close the Transaction of Good Fat as a going concern, which will enhance value as compared to the alternative, which is the discontinuation of Good Fat's operations and the liquidation of its assets with minimal or no recovery;
- (iv) the Trustee has compared the principal financial terms of the DIP Facility to a number of other recent DIP financing packages approved by the Canadian courts, with respect to pricing, loan availability and certain security considerations. Based on this comparison, the Trustee is of the view that, in the circumstances, the terms of the DIP Facility appear to be reasonable;
- (v) the quantum of the DIP Facility is required and is appropriate, as illustrated by the Cash Flow Forecast; and
- (vi) since the interest on the DIP Facility is significantly lower than the interest accruing on the secured indebtedness, it is unlikely that any other DIP financing would be available on terms that are equal or significantly more favourable than what is offered under the DIP Facility.

## **IX. COURT ORDERED CHARGES**

- 75. As part of the within motion, the Company is seeking the Administration Order, which would grant, among other things, the following Court-ordered charges against the Property: the Administration Charge, the DIP Charge, and the Directors' Charge (collectively, the "**Charges**").

### **Administration Charge**

- 76. The Company is seeking the Administration Charge against the Property, in the maximum amount of \$150,000 to secure the fees and disbursements incurred in connection with services rendered to the Company or in furtherance of the NOI Proceedings both before and after the Filing Date by the Trustee, Aird & Berlis and Cassels.
- 77. The quantum of the Administration Charge sought by the Company was determined in consultation with the Trustee.
- 78. The Administration Charge will rank in priority to all other security interests, including the DIP Charge and Directors' Charge. The Trustee understands that the DIP Lender has consented to the Administration Charge.
- 79. The creation of the Administration Charge is typical in similar proceedings as is the proposed priority of the Administration Charge as set out in the form of order filed with the Court. The Trustee is of the view that the Administration Charge (both the amount and the priority ranking) is required, appropriate and reasonable in the circumstances and, as such, supports the granting and the proposed ranking of the Administration Charge.

## **Directors' Charge**

80. The Company is also seeking the Directors' Charge against the Property in the maximum aggregate amount of \$100,000 to indemnify Good Fat's directors and officers for liabilities incurred by the Company that result in post-filing claims against the directors and officers, as the Company does not have directors' and officers' liability insurance in place.
81. The amount of the Directors' Charge was estimated by taking into consideration employee payroll and related expenses (including source deductions), other employment related liabilities that may be a statutory liability for directors and officers, vacation pay and sales tax.
82. The Trustee has been informed that due to the potential for personal liability, the directors and officers of the Company are unwilling to continue their services and involvement in the NOI Proceedings without the protection of the Directors' Charge. As the Company will require the participation and experience of its directors and officers to facilitate the successful completion of the NOI Proceedings, the Trustee believes that the Directors' Charge (both the amount and priority ranking) is required and reasonable in the circumstances.
83. The Directors' Charge is proposed to rank second in priority against the Property after the Administration Charge.

## **DIP Charge**

84. Good Fat requires further funding immediately to continue operations and pursue its restructuring during the NOI Proceedings, as evidenced by the Cash Flow Forecast.
85. It is a fundamental condition of the DIP Term Sheet that the DIP Lender receives the benefit of the DIP Charge to the maximum amount of the aggregate of any and all advances made by the DIP Lender to the Company under the DIP Facility. The DIP Charge does not secure any prior obligations.
86. The DIP Term Sheet provides the Company with access to the financing required to fund operations and complete its Transaction. The Trustee recommends that the Court approve the DIP Term Sheet, and accordingly, the Trustee also supports the granting of the DIP Charge, and the proposed priority ranking thereof.

## **Summary and Proposed Ranking of the Court Ordered Charges**

87. The priorities of the Charges sought by the Company are as follows:
  - (i) First – the Administration Charge;
  - (ii) Second – the Directors' Charge; and

(iii) Third – the DIP Charge.

88. The Administration Order provides that the Charges will rank in priority to the security interest of the Company's secured creditors.
89. As noted above, the Trustee believes that the Charges and rankings are required and reasonable in the circumstances and, as such, supports the granting and the proposed ranking of the Charges.

## **X. EXTENSION OF THE PROPOSAL PERIOD**

90. The Company is seeking an order from the Court granting an extension of the Proposal Period to March 17, 2024 (the "**Stay Extension**").
91. The Trustee supports the Company's request for the Stay Extension for the following reasons:
- (i) the Stay Extension will provide the Trustee, with the assistance of the Company and legal counsel, the opportunity to complete the Transaction;
  - (ii) the Company is acting in good faith and with due diligence;
  - (iii) it is the Trustee's view that the Stay Extension will not materially prejudice or adversely affect any group of creditors, as the Company is projected to have sufficient funds to pay post-filing services and supplies, as contemplated in the Cash Flow Forecast; and
  - (iv) granting the extension now, in connection with the Company's motion to approve the Transaction, will eliminate the need to incur the additional professional costs associated an additional Court attendance.
92. In the Trustee's view, the Company's request for the Stay Extension is appropriate in the circumstances.

## **XI. ACTIVITIES OF THE TRUSTEE**

93. The Trustee's activities since the Filing Date have included, *inter alia*, the following:
- (i) sending a notice, within five days of the Filing Date, of the NOI Proceedings to all known creditors of the Company with claims of \$250 or more, in accordance with the BIA. Notice was also sent to certain other persons, including creditors with claims less than \$250, applicable tax authorities and any other party that requested a copy;
  - (ii) establishing and maintaining a website at: <https://www.richter.ca/insolvencycase/the-good-fat-co-ltd/> where material documents pertaining to the NOI Proceedings are available in electronic form;

- (iii) implementing procedures for the monitoring of the Company's sales and cash flows and for ongoing reporting of variances to the Cash Flow Forecast;
- (iv) assisting the Company with preparing the Cash Flow Forecast and filing same with the Office of the Superintendent of Bankruptcy pursuant to the BIA;
- (v) meeting and corresponding with the Company and its legal counsel regarding the Cash Flow Forecast, the Asset Purchase Agreement, the DIP Facility, cash management, supplier issues, creditor matters and various other matters in connection with the Company's operations and its NOI Proceedings;
- (vi) corresponding with the Company's 2023 Noteholders, EDC and InvestEco;
- (vii) corresponding with the Purchaser's counsel in connection with the Asset Purchase Agreement;
- (viii) corresponding with the DIP Lender's counsel regarding the DIP Term Sheet, the Asset Purchase Agreement, the Cash Flow Forecast and the NOI Proceedings generally;
- (ix) responding to calls and enquiries from creditors and other stakeholders in connection with the NOI Proceedings;
- (x) reviewing materials filed with the Court in respect of the NOI Proceedings; and
- (xi) drafting this First Report.

## XII. CONCLUSION AND RECOMMENDATION

94. Based on all of the foregoing, the Trustee respectfully recommends that this Honourable Court grant the relief requested by the Company as set out in paragraph 6(viii) of this First Report.

All of which is respectfully submitted this 15<sup>th</sup> day of January 2024.

Richter Inc.  
in its capacity as Trustee *in re* the Proposal of  
The Good Fat Co. Ltd.  
And not in its personal capacity

Per:



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Karen Kimel, MAcc, CPA, CA, CIRP, LIT

# Appendix "A"



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-3026717  
Estate No. 31-3026717

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

**The Good Fat Co. Ltd.**

Insolvent Person

**RICHTER INC.**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

January 02, 2024

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

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

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

Date: January 02, 2024, 15:16

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

**Canada**

# Appendix "B"

Court File No: BK-24-03026717-0031  
Estate File No. 31-3026717

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
THE GOOD FAT CO. LTD.**

**AFFIDAVIT OF ERIC KIMMEL**  
**(sworn January 12, 2024)**

I, Eric Kimmel, of the Town of Hampstead, in the Province of Quebec, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Director and Chair of the Board of The Good Fat Co. Ltd. (“**GFC**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Where information contained in this affidavit is based on information I have received from other sources, I have stated the source of that information, and in all such cases I believe that information to be true.
2. This affidavit is made in a support of a motion by GFC for:
  - (a) an order (the “**Initial Order**”), among other things:
    - (i) extending the time for filing of a Proposal by GFC in its *Bankruptcy and Insolvency Act* (the “**BIA**”) proposal proceedings (the “**Proposal Proceedings**”) by forty-five (45) days up to and including March 17, 2024;
    - (ii) approving debtor-in-possession interim financing in the maximum principal amount of \$200,000 (the “**DIP Facility**”) to be provided by 1000747000 Ontario Inc. (the “**Purchaser**”) pursuant to a DIP Loan Agreement dated as

of January 9, 2024 (the ‘**DIP Loan Agreement**’) between GFC and the Purchaser, as lender;

- (iii) granting a super-priority charge (the “**DIP Charge**”) over all of the assets, property and undertakings of GFC (collectively, the ‘**Property**’) for the benefit of the Purchaser, as interim lender, securing amounts advanced under the DIP Facility on or after the date of the Initial Order, ranking in priority to all other encumbrances other than the Administration Charge and the Directors’ Charge (as such terms are defined below);
  - (iv) granting a super priority charge over the Property for the benefit of the Proposal Trustee, counsel to the Proposal Trustee and counsel to GFC in these Proposal Proceedings, in the maximum amount of \$150,000 as security for their professional fees and disbursements, ranking in priority to all other encumbrances (the “**Administration Charge**”);
  - (v) granting a super priority charge over the Property for the benefit of GFC’s officers and directors, in the maximum amount of \$100,000 as security for GFC’s obligations and liabilities that they may incur as a director or officer after the filing of the NOI (as defined below), ranking in priority to all other encumbrances other than the Administration Charge (the “**Directors’ Charge**”); and
  - (vi) approving the First Report to the Court of Richter Inc. (“**Richter**”), in its capacity as proposal trustee (the ‘**Proposal Trustee**’) in the Proposal Proceedings, to be filed (the ‘**First Report**’), and the Proposal Trustee’s activities set out therein; and
- (b) an Order (the “**Approval and Vesting Order**”):
- (i) approving the sale transaction (the “**Transaction**”) contemplated by the asset purchase agreement between GFC and the Purchaser dated December 29, 2023 (the “**Sale Agreement**”); and

- (ii) vesting in the Purchaser GFC's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**").

### **Background**

3. GFC is a privately held corporation incorporated pursuant to the *Business Corporations Act* (Ontario) on June 9, 2015. It has a registered office at 200, 56 The Esplanade, Toronto, Ontario (the "**Head Office**"). A copy of a Profile Report for GFC from the Ontario Ministry of Public and Business Service Delivery is attached as **Exhibit "A"** to this Affidavit.

4. GFC develops and sells a range of health-oriented snack bars and other snack food products under the "Love Good Fats", "Love Good Protein" and "Love Good Sugar Free" brands (the "**Business**"). GFC's products are sold across North America through a broad range of grocery stores and health food stores, as well as through its website, "lovegoodfats.ca" and other online channels.

5. GFC currently has seven salaried employees and one contractor. GFC uses ADP as its payroll provider and does not sponsor any pension plan.

6. The Head Office premises is leased and is GFC's only premises. GFC's manufacturing is done through a co-manufacturer and its warehousing and logistics are similarly fulfilled by third parties.

### **Financial Difficulties**

7. GFC launched its first product in 2017 and quickly expanded through retail and ecommerce channels throughout Canada and then, beginning in 2019, throughout the United States. In 2021, the *Report on Business* ranked GFC as Canada's fastest growing company.

8. This rapid brand expansion was, however, costly and GFC never became profitable. As competition rose in the United States ("**US**"), it became too costly from a marketing perspective to maintain the gains GFC had made in that country. As a result, major US national retail chains began to delist GFC's products.

9. GFC was hit hard by the Covid-19 lockdowns beginning in 2021. People were generally limiting spending to essentials and, with populations not travelling as they normally would to work, school or elsewhere, demand for packaged snack foods contracted significantly. In addition, where GFC's growth to that point had been driven largely by in-person marketing at retailers and events, the lockdowns frustrated these marketing efforts and thus slowed brand growth.

10. Just as GFC was moving on from the challenging 2021, it was hit, in June, 2022, with a class action lawsuit commenced in the United States District Court for the Northern District of California (the "**Class Action**"). The complaint made a number of allegations including that GFC made misleading claims about the healthiness of its bars and that it failed to properly label levels of certain fats in its products. Even though only the labelling claim was allowed to proceed by the District Court, the plaintiffs proceeded with that sole claim. GFC's investors were not willing to fund the costs of the litigation, which were estimated to be in the range of \$500,000, and so GFC was not in a position to further defend the Class Action.

11. Even prior to learning that the Class Action was proceeding, GFC only raised 75% of its target in its last fund raising round in the Spring and Summer of 2023.

12. As a result of its financial difficulties and to facilitate the Transaction, GFC filed a Notice of Intention to Make a Proposal pursuant to the *BIA* (the "**NOI**") on January 2, 2024. A copy of the Certificate of Filing of the NOI is attached as **Exhibit "B"** to this Affidavit.

### **Creditors**

13. GFC's secured debt, as at November 30, 2023, was \$18,651,564, as set out in the chart below, by lender, in order of priority.

Position	Debt Holder	Principal	Accrued Interest	Total
1	Pathward, National Association	\$0.00	\$0.00	\$0.00

Position	Debt Holder	Principal	Accrued Interest	Total
2	2023 Noteholders:			
	Export Development Canada (“EDC”)	\$1,500,000	\$102,211	
	InvestEco Sustainable Food Fund III, L.P. (“InvestEco”)	\$1,000,000	\$68,222	
	Healthy Me Inc.	\$50,000	\$3,256	
	Longo Family Capital LP	\$100,000	\$3,945	
	10530859 Canada Inc.	\$100,000	\$3,058	
	Wonderment Ventures Inc.	\$50,000	\$1,841	
	O’Keeffes of Kilkenny Ltd.	\$50,000	\$1,841	
	2586577 Ontario Inc.	\$25,000	\$409	
		\$2,875,000	\$184,783	\$3,059,783
3	Royal Bank of Canada/EDC	TBD	TBD	TBD
4	EDC:			
	Debenture	\$5,000,000	\$369,863 N/	
	Convertible Debenture	\$7,000,000	A	
		\$12,000,000	\$369,863	\$12,369,863
5	InvestEco	\$3,000,000	\$221,918	\$3,221,918
			<b>Total:</b>	<b>\$18,651,564</b>

14. Apart from the EDC convertible debenture, which is principal only, all the debt identified in the chart above accrues interest at the rate of 12% per annum.

15. GFC entered into a Loan Agreement and a Security Agreement each dated as of March 18, 2019 with Pathward, National Association, then known as Crestmark, a Division of Metabank (“Pathward”), which provided for an accounts receivable factoring facility which GFC could use as needed. There currently is no amount owing under the Pathward facility, other than monthly

fees, in respect of which GFC is current. There are exit fees payable upon termination of the Pathward facility by GFC, in the amounts of CDN\$15,000 and US\$15,000, but GFC does not believe they are or will be payable in the circumstances.

16. GFC had a secured letter of guarantee facility with Royal Bank of Canada (“**RBC**”) which was guaranteed by EDC. When the two outstanding letters of guarantee were called upon in November and December, 2023, EDC had to cover the amounts paid out by RBC. EDC may be subrogated to RBC’s third ranking secured position for the \$1,938,103.07 guarantee payment, although EDC has not yet asserted that secured claim.

17. The RBC letter of guarantee facility expired on December 29, 2023 but GFC also has RBC VISA accounts which may be secured by RBC’s general security interest.

18. Pursuant to a Third Amended and Restated Intercreditor and Subordination Agreement dated April, 2023 made between GFC, Pathward, EDC, InvestCo and, by subsequent joinder, the other parties identified in the chart above as 2023 Noteholders (together with EDC and InvestEco, the ‘**2023 Noteholders**’), it was agreed that security granted in respect of the convertible promissory notes in favour of the 2023 Noteholders would have second priority behind Pathway’s security, but ahead of EDC’s and InvestEco’s pre-existing security.

19. The current secured creditors of GFC therefore consist of (a) the 2023 Noteholders, (b) EDC, and (c) InvestEco. It is GFC’s understanding that counsel to the Proposal Trustee is reviewing and will provide the Proposal Trustee with opinions on the security granted to the 2023 Noteholders and, if required, the earlier security granted to EDC and InvestEco.

20. A copy of a search of the Ontario Personal Property Security Registration System in respect of GFC, with currency to January 8, 2024, is attached as **Exhibit “C”** to this Affidavit.

21. As at the NOI filing date, January 2, 2024, GFC also owed approximately \$1 million to unsecured creditors, though that total would increase if EDC were to assert its subrogated RBC claim on an unsecured basis.

22. The creditors of GFC owed more than \$250, both secured and unsecured, are set out in GFC’s Form 33 prepared in connection with the Proposal Proceedings. A copy of the Proposal

Trustee's Notice to Creditors package, including GFC's Form 33, is attached as **Exhibit "D"** to this Affidavit.

### **The Transaction**

23. The Transaction is presented to the Court for approval as a "pre-pack", with no sale or investment solicitation process to be run in the Proposal Proceedings. The reasons for this are: (a) the historic and current financial struggles GFC has endured, including the Class Action, which have resulted in GFC being unable to raise sufficient funding for the still unprofitable Business; (b) the past unsuccessful marketing efforts detailed below; (c) the secured creditors' desire to have the Transaction consummated despite the fact that they will receive no cash proceeds and no proceeds at all in respect of up to 82% of their secured debt; and (d) a lack of money to run a sale or investment solicitation process within the Proposal Proceedings.

24. GFC's efforts to market itself or the Business for sale or investment have included:

- (a) engaging RBC Capital Markets ("**RBCCM**") in January, 2021 to explore a sale of, or an equity private placement into, GFC, summarized as follows:
  - (i) 51 potential strategic or financial buyers/investors were contacted by RBCCM;
  - (ii) RBCCM distributed 26 confidential information memoranda to parties that engaged;
  - (iii) only one letter of intent was received which was not attractive to GFC; and
  - (iv) RBCCM's mandate ended in January 2022; and
- (b) the following efforts undertaken by GFC in the late Summer and Fall of 2023:
  - (i) discussions with a major US producer of packaged consumer organic food brands, who was not interested because of the Class Action;

- (ii) discussions with owners of a leading US “keto” food company, who were not yet in a position to make acquisitions;
- (iii) discussions with a US consumer packaged goods investor and operator that focuses on natural and health food brands, who considered GFC’s losses too high and are primarily focuses on US businesses;
- (iv) discussions with a US private equity firm concentrated on consumer packaged goods businesses with a focus on social and environmental impact, who expressed the view that GFC had too much secured debt;
- (v) discussions with a leading US middle-market merger and acquisition and investment banking advisor, who said they would informally canvas their clients and the market for interest, without any result;
- (vi) discussions with a US private equity firm focused on high-growth supply chain and logistics, retail and marketing technology companies, who was not in a position to make acquisitions at this time;
- (vii) discussions with a Canadian investment bank who, in turn, reached out to its clients, including a leading Canadian sports nutrition company, none of whom were interested;
- (viii) discussions with a private group of individual investors who were willing to offer funding only on what GFC considered to be predatory terms and who declined entirely once they learned of the Class Action;
- (ix) discussions with a Canadian producer of rice and pulse products, introduced by an investment bank;
- (x) discussions with a US producer of organic packaged snack foods, who declined based on lack of appropriate manufacturing capabilities; and
- (xi) approaching a Canadian organic snack food producer who did not respond.

25. The one party with whom GFC did get traction was with Propel Natural Brands (“**Propel**”), one of Canada’s largest brokers of natural and organic brands. In consultation with EDC and InvestEco, GFC negotiated that the Purchaser, an affiliate of Propel, would purchase the assets of GFC in order to preserve the GFC brands and goodwill.

26. The Sale Agreement provides that the Purchaser will, as required, fund costs of the Proposal Proceedings, operating expenses, expenses related to the Transaction and priority payables, through a debtor-in-possession loan facility (the **DIP Facility**). The Amount outstanding under the DIP Facility will be forgiven on closing of the Transaction in partial satisfaction of the purchaser price. A copy of the Sale Agreement is attached as **Exhibit “E”** to this Affidavit.

27. The original estimate, as reflected in the Sale Agreement, of costs to be funded by the DIP Facility was \$200,000.

28. A \$50,000 non-refundable deposit (the “**Deposit**”) was paid to the Proposal Trustee on signing of the Sale Agreement by an affiliate of the Purchaser. This money is intended to fund the costs of any eventual bankruptcy of GFC.

29. In addition to the cash portions of the purchase price comprised of the Deposit and the forgiven DIP Facility advances, the Purchaser will also:

- (a) issue warrants with an estimate value of \$240,000 (the “**Warrants**”) to the Proposal Trustee to be distributed to the 2023 Noteholders; and
- (b) assumed certain obligations of GFC including under assumed contracts and/or in respect of transferred employees.

30. The Purchaser will also be capitalized with \$1.2 million in equity by closing of the Transaction. This will ensure the continued viability of the Business for the benefit of the 2023

Noteholders as Warrant holders and for the benefit of all other parties who continue post-closing as stakeholders in the Business.

31. The Sale Agreement requires that the Approval and Vesting Order be obtained by January 15, 2024. Because of the Court availability, a hearing date was not available until January 16, 2024. GFC and the Purchaser agreed that such hearing date would be acceptable.

32. Despite being the first-ranking secured creditors of GFC, the 2023 Noteholders are willing to accept the Warrants as their only distribution of proceeds of the Transaction, and have executed a consent to the Transaction, a copy of which is attached as **Exhibit ‘F’** to this Affidavit. Furthermore, EDC and InvestEco, in particular, are willing to accept no distribution beyond the Warrants, despite being owed in excess of \$12.3 million (or \$14.3 million if subrogated claim is also secured) and \$3.2 million in second and third ranking secured debt, respectively.

33. In GFC’s view, it took reasonable efforts to sell its business and assets with extensive consultation with its secured creditors and the consideration being given by the Purchaser in the Transaction is reasonable and fair.

34. The Proposal Trustee has advised that it is of the view that the Transaction is fair and reasonable in the circumstances.

35. The form of Approval and Vesting Order sought includes direction and authorization for the Proposal Trustee to distribute the Warrants to the 2023 Noteholders once the Proposal Trustee has satisfied itself, based on independent legal opinions, that the security granted by GFC to the 2023 Noteholders is valid and enforceable.

### **DIP Facility**

36. The DIP Loan Agreement provides for a DIP Facility in the maximum amount of \$200,000, accruing interest at a rate of 7.2% per annum. That interest rate is significantly below 12% per annum rate accruing on all of GFC’s current secured indebtedness. There is no commitment fee. A copy of the DIP Loan Agreement is attached as **Exhibit ‘G’** to this Affidavit.

37. Pursuant to section 4 and subsection 9(b)(i) of the DIP Loan Agreement, the granting of the DIP Charge is a condition precedent to drawing on the DIP Facility. If granted, the DIP Charge

will not secure any pre-existing obligation. The DIP Charge will have priority over all encumbrances other than the Administration Charge and the Directors' Charge.

38. The Proposal Trustee has advised that it is of the view that the terms of the DIP Facility under the DIP Loan Agreement are reasonable in the circumstances.

#### **Administration Charge and Directors' Charge**

39. In addition to the DIP Charge, GFC is requesting that the Court grant the Administration Charge and the Directors' Charge, in the amounts of \$150,000 and \$100,000, respectively.

40. The Administration Charge is necessary, as the professionals whose fees are to be secured by the Administration Charge have played and will continue to play a critical role in GFC's restructuring. The Administration Charge will have priority over all encumbrances.

41. The Directors' Charge, in the requested amount of \$100,000 will indemnify the directors and officers of GFC in respect of any potential liabilities they may incur as a result of continuing on in those roles from and after the commencement of these Proposal Proceeding, thus allowing the directors and officer to continue their stewardship of GFC for the benefit of all stakeholders. GFC has directors' and officers' liability insurance and the terms of the Order would require that the directors and officers look to such insurance before seeking indemnity from the Directors' Charge. The Directors' Charge will have priority over all encumbrances other than the Administration Charge.

#### **Stay Extension**

42. Under the *BIA*, GFC has until February 1, 2024 to file a proposal unless it obtains an extension of time to file a proposal prior to that date. The requested 45-day extension of the time to file a proposal will, among other things, provide GFC the time to close the Transaction.

43. With the assistance of the Proposal Trustee, GFC has been preparing the 13-week cash flow forecast attached required by the *BIA* (the "**Cash Flows**"). The Cash Flows will be filed by January 12, 2024 and, I am advised, will be appended to the First Report. The Cash Flows will

show that, with the DIP Facility in place, GFC will have the funding necessary to meet its post-NOI obligations as they come due through the proposed extension period.

44. GFC has been acting and continues to act in good faith and with due diligence in the Proposal Proceedings and I believe that no creditor will be materially prejudiced by the extension of the time to file a proposal sought by GFC.

45. The Proposal Trustee supports GFC’s request for an extension of time to file a proposal.

**First Report**

46. In connection with GFC’s motion, I understand that the Proposal Trustee is preparing its First Report and has requested that GFC seek approval of the same.

47. I swear this affidavit in support of GFC’s motion for the relief set out in paragraph 2 of this Affidavit and for no other or improper purpose.

**SWORN** by videoconference by Eric )  
Kimmel, stated as being located in the )  
Town of Hampstead, in the Province )  
of Quebec, before me, located in the )  
City of Toronto, in the Province of )  
Ontario, on January 12, 2024, in )  
accordance with O. Reg 431/20, )  
Administering Oath or Declaration )  
Remotely, )



\_\_\_\_\_  
A commissioner, etc.  
**Sam Babe**

DocuSigned by:  
*Eric Kimmel*  
7D736FDC27A54CD...

\_\_\_\_\_  
**ERIC KIMMEL**

# Appendix "C"

District of:  
Division No. -  
Court No.  
Estate No.

- FORM 33 -

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

In the Matter of the Notice of Intention to File a Proposal of  
The Good Fat Co. Ltd.  
of the City of Toronto  
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
10530859 Canada Inc. Eric Kimmel	17 Ch Granville Hampstead QC H3X 2B3		103,057.53
2586577 Ontario Inc. Paul Schiffner	1013 Oak Meadow Road Oakville ON L6M 1J6		25,409.32
Acosta Sales & Marketing	PO Box 281996 Atlanta GA 30384-1996 USA		51,440.60
Aird & Berlis LLP	Brookfield Place, Suite 1800 181 Bay Street Toronto ON M5J 2T9		11,801.16
Alexis Exhibits	825 Leona Street Elyria OH 44035 USA		951.63
Alpha Poly	296 Walker Drive Brampton ON L6T 4B3		128,770.52
Anderson Advanced Ingredients	2030 Main Street, Ste 430 Irvine CA 92614 USA		36,057.25
Annie Ryu	5070 Ralston St, Unit H Boulder CO 80304 USA		53,500.00
Avenue7Media, LLC	17503 La Cantera Pkwy Ste 104-506 San Antonio TX 78257 USA		45,611.14
Bedford Ventures	23 Northey Dr Toronto ON M2L 2S8		5,085.00
C.H. Robinson Company, Inc.	14800 Charlson Rd, Suite 2000 Eden Prairie MN 55347-5065 USA		49,770.07
CF&R Services Inc.	1920 Clemens Road Pickering ON L1W 3V6		523.61
CHEP Canada	C/O TH1203 -PO Box 4290 STN A Toronto ON M5W 0E1		2,071.96
Chitiz Pathak LLP	TD North 77 King St W Toronto ON M5K 1G8		3,926.80
CJR Wholesale Grocers Ltd.	5895 Kennedy Road Mississauga ON L4Z 2G3		1,912.56

  
JAN 2/2024

District of:  
Division No. -  
Court No.  
Estate No.

- FORM 33 -

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

In the Matter of the Notice of Intention to File a Proposal of  
The Good Fat Co. Ltd.  
of the City of Toronto  
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Clark's Nutrition Natural Foods Market US	PO Box 1609 Riverside CA 92502 USA		787.75
Coleman Containers Limited	54 Atomic Ave Toronto ON M8Z 5L1		53,863.83
Collage HR	1403 Kenaston Boulevard Winnipeg MN R3P 2T5		1,464.48
CommerceHub	PO Box 15291 Station A Toronto ON M5W 1C1		532.25
Data Council LLC	7411 Fullerton St. Suite 200a Jacksonville FL 32256 USA		2,952.35
Early Sullivan Wright Gizer & McRae LLP	6420 Wilshire Boulevard 17th Floor Los Angeles CA 90048 USA		5,808.80
Export Development Canada Isabela Murillo	3400-155 Wellington St W Toronto ON M5V 3L3		15,910,176.63
Gearing Law	700 Third Line, Suite 145 Oakville ON L6L 4B1		4,085.00
Go Simple LLC/ Blacksmith	3980 Tampa Road, Suite 205 Oldsmar FL 34677 USA		32,537.50
Healthy Me Inc. Susan Yorke	503-580 Kingston Road Toronto ON M4E 1P9		253,256.07
Hy-Vee Inc.*	5280 Weston Parkway West Des Moines IA 50366 USA		10,716.25
Information Resource Inc.	150 N Clinton Street Chicago IL 60661-1416 USA		50,176.25
InvestEco Sustainable Food Fund III, L.P. Andrew Heintzman	400-70 The Esplanade Toronto ON M5E 1R2		4,290,140.46
IRI-Canada Ltd	330 Bay St Suite 820 Toronto ON M5H 2S8		10,385.25

District of:  
 Division No. -  
 Court No.  
 Estate No.

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

In the Matter of the Notice of Intention to File a Proposal of  
 The Good Fat Co. Ltd.  
 of the City of Toronto  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Kehe Distributors, LLC *	PO Box 24830 JACKSONVILLE FL 32241-483 USA		101,279.50
Kroger Co *	1014 Vine Street Cincinnati OH 45202 USA		44,027.24
LCG Foods Distribution	2-37 Esna Park Drive Markham ON L3R 1C9		22,374.38
Lineage Logisitcs	1101 Cherry Hill Rd Joliet IL 60433 USA		1,802.67
Logistics Alliance	1 Maritime Ontario Boulevard Brampton ON L6S 6G4		2,747.93
Longo Family Capital LP Anthony Longo	8800 Huntington Road Vaughan ON L4H3M6		103,945.20
Marovino Visual Strategy	201-2275 Lakeshore Blvd. W Toronto ON M8V 3Y3		18,842.75
Meijer *	2350 3 Mile Road NW GRAND RAPIDS MI 49544 USA		9,097.80
New Leaf Community Markets, Inc	1300 SE Stark Street Suite 401 Portland OR 97214 USA		551.43
O'Keeffes of Kilkenny Ltd Edmund O'Keeffe	Unit 12, Kilkenny Retail Park, Smithlands South Kike, R95 Y26C – IRELAND		51,841.10
Omnie Integrated Services Inc.	201-805 Manhattan Ave Manhattan Beach CA 90266 USA		5,466.31
Page Zero Media Inc	1002-130 Queens Quay East Toronto ON M5A 0P6		1,730.00
Price Parkinson & Kerr US	5742 W Harold Gatty Drive Salt Lake City UT 84116 USA		31,970.32
Propel Natural Brands	PO Box 291 Campbelleville ON L0P 1B0		14,303.04
Rite-Aid HDQTRS Corp *	30 Hunter Lane Camp Hill PE 17011 USA		155,067.22

*PL*  
*Jan 21 2024*

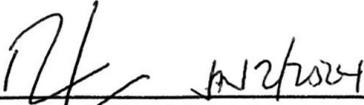
District of:  
 Division No. -  
 Court No.  
 Estate No.

- FORM 33 -

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

In the Matter of the Notice of Intention to File a Proposal of  
 The Good Fat Co. Ltd.  
 of the City of Toronto  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Robert Group	300 Statesman Dr Mississauga ON L5S 2A2		31,853.41
Robert Transport Inc.	300 Statesman Dr Mississauga ON L5S 2A2		11,033.62
RSM Canada LLP	11 King St W #700 Toronto ON M5H 4C7		29,306.55
Smart Warehousing USD	18905 Kill Creek Rd Edgerton KS 66021 USA		29,274.30
The Touch Agency	105 S Canyonwood Drive, Suite B Dripping Springs TX 78620-4545 USA		38,017.50
Top Health Ingredients	5555 Calgary Trail, Suite # 1580 Edmonton AB T6H 5P9		58,544.44
UNFI Accounts Payable *	313 Iron Horse Way PROVIDENCE RI 02908-5637 USA		19,731.93
Wonderment Ventures Inc. Kathryn From	37 Woodland Ave East Toronto ON M4T 1B9		51,841.10
Zebra Paper	5130 Creekbank Road Mississauga ON L4W 2G2		10,277.78
<b>Total</b>			21,991,699.54

  
 \_\_\_\_\_  
 The Good Fat Co. Ltd.  
 Insolvent Person

# Appendix "D"

PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
 CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 17:18:33  
 ACCOUNT : 009233-0001 FAMILY : 1 OF 5 ENQUIRY PAGE : 1 OF 13  
 FILE CURRENCY : 28NOV 2023  
 SEARCH : BD : THE GOOD FAT CO. LTD.

00 FILE NUMBER : 746325198 EXPIRY DATE : 29NOV 2028 STATUS :  
 01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :  
 REG NUM : 20181129 1031 1862 7501 REG TYP: P PPSA REG PERIOD: 5  
 02 IND DOB : IND NAME:  
 03 BUS NAME: THE GOOD FAT CO. LTD.

OCN : 2469989

04 ADDRESS : 8 MARKET ST, STE 600  
 CITY : TORONTO PROV: ON POSTAL CODE: M5E 1M6  
 05 IND DOB : IND NAME:  
 06 BUS NAME:

OCN :

07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
 CRESTMARK, A DIVISION OF METABANK

09 ADDRESS : 5480 CORPORATE DR, STE 350  
 CITY : TROY PROV: MI POSTAL CODE: 48098  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10	YEAR	MAKE	MODEL	V.I.N.
X	X	X	X	3000000

11  
12

GENERAL COLLATERAL DESCRIPTION

13  
14  
15

16 AGENT: CYBERBAHN

17 ADDRESS : 400-333 BAY STREET  
 CITY : TORONTO PROV: ON POSTAL CODE: M5H 2R2

PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:33  
ACCOUNT : 009233-0001 FAMILY : 1 OF 5 ENQUIRY PAGE : 2 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 746325198

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 2 MV SCHED: 20230710 1749 5064 6249  
21 REFERENCE FILE NUMBER : 746325198  
22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:

26 REASON: REMOVE SECURED PARTY CRESTMARK, A DIVISION OF METABANK (5480  
27 /DESCR: CORPORATE DR SUITE 350, TROY, MI, 48098) ADD SECURED PARTY  
28 : PATHWARD, NATIONAL ASSOCIATION (5480 CORPORATE DR SUITE 350, TROY,  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:  
CITY: PROV: POSTAL CODE:  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :  
PATHWARD, NATIONAL ASSOCIATION

09 ADDRESS : 5480 CORPORATE DR SUITE 350  
CITY : TROY PROV : MI POSTAL CODE : 48098  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : ESC CORPORATE SERVICES LTD.

17 ADDRESS : 201-1325 POLSON DR.  
CITY : VERNON PROV : BC POSTAL CODE : V1T 8H2

PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:34  
ACCOUNT : 009233-0001 FAMILY : 1 OF 5 ENQUIRY PAGE : 3 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 746325198

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 002 OF 2 MV SCHED: 20230710 1749 5064 6249  
21 REFERENCE FILE NUMBER : 746325198  
22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:  
26 REASON: MI, 48098)  
27 /DESCR:  
28 :  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:  
CITY: PROV: POSTAL CODE:  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
CITY : PROV : POSTAL CODE :  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME :  
17 ADDRESS :  
CITY : PROV : POSTAL CODE :

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PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:35  
ACCOUNT : 009233-0001 FAMILY : 1 OF 5 ENQUIRY PAGE : 4 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 746325198

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 1 MV SCHED: 20230711 1706 1902 9326  
21 REFERENCE FILE NUMBER : 746325198  
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 05 CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:  
26 REASON:  
27 /DESCR:  
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02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:  
CITY: PROV: POSTAL CODE:  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
CITY : PROV : POSTAL CODE :  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : ESC CORPORATE SERVICES LTD.  
17 ADDRESS : 201-1325 POLSON DR.  
CITY : VERNON PROV : BC POSTAL CODE : V1T 8H2

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PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 17:18:36  
ACCOUNT : 009233-0001 FAMILY : 2 OF 5 ENQUIRY PAGE : 5 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

00 FILE NUMBER : 752570055 EXPIRY DATE : 21JUN 2029 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
REG NUM : 20190621 1401 1590 9428 REG TYP: P PPSA REG PERIOD: 10  
02 IND DOB : IND NAME:  
03 BUS NAME: THE GOOD FAT CO. LTD.

OCN :  
04 ADDRESS : 8 MARKET STREET, SUITE 600  
CITY : TORONTO PROV: ON POSTAL CODE: M5E 1M6  
05 IND DOB : IND NAME:  
06 BUS NAME:

OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:  
08 SECURED PARTY/LIEN CLAIMANT :  
EXPORT DEVELOPMENT CANADA

09 ADDRESS : 150 SLATER STREET  
CITY : OTTAWA PROV: ON POSTAL CODE: K1A 1K3  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X X X  
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: NORTON ROSE FULBRIGHT CANADA LLP (C.WINGER/JS)  
17 ADDRESS : 3800-200 BAY STREET  
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2Z4

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PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 17:18:36  
ACCOUNT : 009233-0001 FAMILY : 3 OF 5 ENQUIRY PAGE : 6 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

00 FILE NUMBER : 755320779 EXPIRY DATE : 10SEP 2024 STATUS :  
01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :  
REG NUM : 20190910 1936 1531 8882 REG TYP: P PPSA REG PERIOD: 5  
02 IND DOB : IND NAME:  
03 BUS NAME: THE GOOD FAT CO. LTD.

OCN :  
04 ADDRESS : SUITE 600, 8 MARKET STREET  
CITY : TORONTO PROV: ON POSTAL CODE: M5E 1M6  
05 IND DOB : IND NAME:  
06 BUS NAME:

OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:  
08 SECURED PARTY/LIEN CLAIMANT :

ROYAL BANK OF CANADA  
09 ADDRESS : 36 YORK MILLS ROAD, 4TH FLOOR  
CITY : TORONTO PROV: ON POSTAL CODE: M2P 0A4  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X X X  
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: CANADIAN SECURITIES REGISTRATION SYSTEMS  
17 ADDRESS : 4126 NORLAND AVENUE  
CITY : BURNABY PROV: BC POSTAL CODE: V5G 3S8

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PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 17:18:37  
ACCOUNT : 009233-0001 FAMILY : 4 OF 5 ENQUIRY PAGE : 7 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

00 FILE NUMBER : 765751599 EXPIRY DATE : 15SEP 2029 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :  
REG NUM : 20200915 1006 1862 0901 REG TYP: P PPSA REG PERIOD: 3  
02 IND DOB : IND NAME:  
03 BUS NAME: THE GOOD FAT CO. LTD. OCN : 002469989  
04 ADDRESS : 56 THE ESPLANADE, SUITE 200  
CITY : TORONTO PROV: ON POSTAL CODE: M5E 1A6  
05 IND DOB : IND NAME:  
06 BUS NAME: OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:  
08 SECURED PARTY/LIEN CLAIMANT :  
INVESTECO SUSTAINABLE FOOD FUND III, LP  
09 ADDRESS : 70 THE ESPLANADE, SUITE 400  
CITY : TORONTO PROV: ON POSTAL CODE: M5E 1R2  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X X 3000000 15SEP2020  
YEAR MAKE MODEL V.I.N.  
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GENERAL COLLATERAL DESCRIPTION  
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16 AGENT: CYBERBAHN  
17 ADDRESS : 4610-199 BAY STREET  
CITY : TORONTO PROV: ON POSTAL CODE: M5L 1E9

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PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:37  
ACCOUNT : 009233-0001 FAMILY : 4 OF 5 ENQUIRY PAGE : 8 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 765751599

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 001 MV SCHED: 20200917 1053 1862 1139  
21 REFERENCE FILE NUMBER : 765751599  
22 AMEND PAGE: 1 NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:  
26 REASON: DATE OF MATURITY AMENDED FROM SEPT. 15, 2020 TO SEPT. 15, 2023.  
27 /DESCR:  
28 :  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE: THE GOOD FAT CO. LTD.

OCN: 002469989

04/07 ADDRESS: 56 THE ESPLANADE, SUITE 200  
CITY: TORONTO PROV: ON POSTAL CODE: M5E 1A6  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :  
INVESTECO SUSTAINABLE FOOD FUND III, LP  
09 ADDRESS : 70 THE ESPLANADE, SUITE 400

CITY : TORONTO PROV : ON POSTAL CODE : M5E 1R2  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE  
10 X X X X 3000000 15SEP2020  
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16 NAME : CYBERBAHN  
17 ADDRESS : 4610-199 BAY STREET  
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1E9

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PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:38  
ACCOUNT : 009233-0001 FAMILY : 4 OF 5 ENQUIRY PAGE : 9 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 765751599

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 001 MV SCHED: 20200917 1130 1862 1152  
21 REFERENCE FILE NUMBER : 765751599  
22 AMEND PAGE: 1 NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:  
26 REASON: DATE OF MATURITY AMENDED FROM SEPT. 15, 2020 TO SEPT. 15, 2023  
27 /DESCR:  
28 :  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE: THE GOOD FAT CO. LTD.

OCN: 002469989

04/07 ADDRESS: 56 THE ESPLANADE, SUITE 200  
CITY: TORONTO PROV: ON POSTAL CODE: M5E 1A6  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :  
INVESTECO SUSTAINABLE FOOD FUND III, LP  
09 ADDRESS : 70 THE ESPLANADE, SUITE 400

CITY : TORONTO PROV : ON POSTAL CODE : M5E 1R2  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE  
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16 NAME : CYBERBAHN  
17 ADDRESS : 4610-199 BAY STREET  
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1E9

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PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:39  
ACCOUNT : 009233-0001 FAMILY : 4 OF 5 ENQUIRY PAGE : 10 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 765751599

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 1 MV SCHED: 20230420 1005 1590 9685  
21 REFERENCE FILE NUMBER : 765751599  
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:  
26 REASON: TO REMOVE REFERENCE TO THE DATE OF MATURITY.  
27 /DESCR:  
28 :  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:  
CITY: PROV: POSTAL CODE:  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
CITY : PROV : POSTAL CODE :  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : CP LLP  
17 ADDRESS : 700-77 KING STREET WEST, TD NORTH TOWER  
CITY : TORONTO PROV : ON POSTAL CODE : M5K 1G8

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PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:40  
ACCOUNT : 009233-0001 FAMILY : 4 OF 5 ENQUIRY PAGE : 11 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 765751599

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 01 OF 001 MV SCHED: 20230420 1046 1590 9727  
21 REFERENCE FILE NUMBER : 765751599  
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 6 CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:  
26 REASON:  
27 /DESCR:  
28 :  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:  
CITY: PROV: POSTAL CODE:  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
CITY : PROV : POSTAL CODE :  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : CP LLP  
17 ADDRESS : 700-77 KING STREET WEST, TD NORTH TOWER  
CITY : TORONTO PROV : ON POSTAL CODE : M5K 1G8

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PSSME04 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 2C REGISTRATION - SCREEN 1 17:18:40  
ACCOUNT : 009233-0001 FAMILY : 4 OF 5 ENQUIRY PAGE : 12 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

FILE NUMBER 765751599

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 1 MV SCHED: 20230609 1356 1590 7148  
21 REFERENCE FILE NUMBER : 765751599  
22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:  
23 REFERENCE DEBTOR/ IND NAME:  
24 TRANSFEROR: BUS NAME: THE GOOD FAT CO. LTD.

25 OTHER CHANGE:  
26 REASON: (I) REMOVING THE AMOUNT OF FINANCING AND (II) ADDING MOTOR VEHICLES  
27 /DESCR: TO COLLATERAL.  
28 :  
02/05 IND/TRANSFEE:  
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:  
CITY: PROV: POSTAL CODE:  
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
CITY : PROV : POSTAL CODE :  
CONS. MV DATE OF NO FIXED  
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE  
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16 NAME : CP LLP  
17 ADDRESS : 700-77 KING STREET WEST, TD NORTH TOWER  
CITY : TORONTO PROV : ON POSTAL CODE : M5K 1G8

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PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 11/29/2023  
CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 17:18:41  
ACCOUNT : 009233-0001 FAMILY : 5 OF 5 ENQUIRY PAGE : 13 OF 13  
FILE CURRENCY : 28NOV 2023  
SEARCH : BD : THE GOOD FAT CO. LTD.

00 FILE NUMBER : 792529659 EXPIRY DATE : 20APR 2029 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
REG NUM : 20230420 1005 1590 9686 REG TYP: P PPSA REG PERIOD: 6  
02 IND DOB : IND NAME:  
03 BUS NAME: THE GOOD FAT CO. LTD.

OCN :

04 ADDRESS : SUITE 600, 8 MARKET STREET  
CITY : TORONTO PROV: ON POSTAL CODE: M5E 1M6  
05 IND DOB : IND NAME:  
06 BUS NAME:

OCN :

07 ADDRESS :  
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
HEALTHY ME INC.

09 ADDRESS : 47A BELLEFAIR AVENUE  
CITY : TORONTO PROV: ON POSTAL CODE: M4L 3T7  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
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YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: CP LLP  
17 ADDRESS : 700-77 KING STREET WEST, TD NORTH TOWER  
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1G8

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END OF REPORT

# Appendix "E"

## ASSET PURCHASE AGREEMENT

This agreement is made effective this 29<sup>th</sup> day of December 2023.

### BETWEEN:

**THE GOOD FAT CO. LTD.,**  
a corporation incorporated pursuant to  
the laws of the Province of Ontario

(the "**Vendor**")

- and -

**1000747000 ONTARIO INC.**  
a corporation incorporated pursuant to  
the laws of the Province of Ontario

(the "**Purchaser**")

### WHEREAS:

- A. The Vendor intends to file a notice of intention to make a proposal under the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Proceedings**").
- B. Richter Inc. shall be appointed as the proposal trustee of the Vendor under the BIA Proceedings (the "**Proposal Trustee**").
- C. The Vendor has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Vendor its right, title and interest in and to the Purchased Assets (*as defined below*) upon the terms and conditions set forth herein.
- D. The Vendor shall forthwith make a motion in the BIA Proceedings for the approval of this agreement, for the Approval and Vesting Order (*as defined herein*) and for such other relief as is required hereby.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties) the parties hereto agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**2023 Notes**" means the secured convertible promissory notes issued by the Vendor in 2023 in the to holders and in the amounts set out in Schedule "A" hereto;

"**Admin Charge**" means the charge in favour of the Vendor's counsel, the Proposal Trustee and the Proposal Trustee's counsel and the Senior Secured Lender's counsel to be granted by the Court in the BIA Proceedings as security for professional fees and expenses incurred in connection with the BIA Proceedings, both before and after commencement of the BIA Proceedings;

"**Agreement**" means this asset purchase agreement, including all written amendments and written restatements thereto from time to time;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"**Approval and Vesting Order**" has the meaning given in Section 4.2;

"**Article**" or "**Section**" " mean the specified Article, or Section to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person;

"**Assumed Contracts**" means, collectively, those Contracts identified and enumerated in Schedule "B" hereto; and, "**Assumed Contract**" means any one of them.

"**Assumed Obligations**" has the meaning given in Section 2.8;

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada), R.S.C., 1985, c.B-3;

"**BIA Proceedings**" has the meaning given in the recitals above;

"**Books and Records**" means all of the books and records relating to the Purchased Assets, including, without limitation, all personnel files/records relating to all Transferred Employees and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, projections and all other documents, plans, files, records, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, excluding any of the foregoing as applicable to any Excluded Asset;

"**Business**" means the businesses carried on by the Vendor;

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

"**Claims**" means any and all claims, demands, complaints, actions, applications, suits, causes of action, orders, or other similar processes, and "**Claim**" means any one of them;

"**Closing**" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

"**Closing Date**" means subject to the terms hereof, the first Business Day after the date that is ten (10) days after the date on which the conditions set forth in Article 4 have been satisfied or waived by the appropriate Party, or such other date as may be agreed;

"**Closing Time**" has the meaning given in Section 3.1;

"**Contracts**" means the right, title and interest of the Vendor to and in all pending and/or executory contracts, agreements, leases and arrangements Related to the Business to or by which any of the Vendor, the Purchased Assets or Business is bound or affected;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**DIP Lender's Charge**" means the charge in favour of the DIP Lender to be granted by the Court in the BIA Proceedings as security for the Vendor's obligations under the DIP Term Sheet;

"**DIP Order**" has the meaning given in Section 4.1(b);

"**DIP Term Sheet**" means a term sheet by and between Purchaser, as DIP Lender, and the Vendor, as borrower, on mutually agreeable terms, which shall provide for a debtor-in-possession loan facility intended to fund, as needed: (i) the professional costs of the Vendor and the Proposal Trustee in the BIA Proceedings and (ii) the Vendor's operating costs during the BIA Proceedings;

"**Effective Time**" means 12:01 a.m. on the Closing Date;

"**Employee**" means an individual who was formerly employed or engaged by the Vendor or, as at the Effective Time, is employed or engaged by the Vendor in connection with the Business, and "**Employees**" means every Employee;

"**Employee Liabilities**" means any and all Liabilities (whether by statute, contract, common law or otherwise) owed to any of the Employees, or otherwise arising out of, or resulting from, the relationship between the Vendor (or any predecessor of the Vendor) and any of the Employees, including any Liability arising as a result of such party being deemed to be a successor employer, related employer or otherwise responsible or liable for payment of any amounts owing to, on behalf of, or in respect of, any of the Employees (including, but not limited to, the Transferred Employees), whether pursuant to the *Employment Standards Act* (Ontario), the *Pay Equity Act* (Ontario) or the *Workplace Safety and Insurance Act, 1997* (Ontario). Without limiting the foregoing, Employee Liabilities shall include:

- (a) all salaries, wages, bonuses, commissions, vacation pay, public holiday pay and other compensation relating to the employment of the Employees (including

accrued but unpaid vacation pay and any retroactive pay) and all Liabilities under employee benefit plans relating to employment of the Employees; and

- (b) all termination pay, severance pay, damages in lieu of reasonable notice and other related Liabilities (under statute, contract, common law or otherwise) in respect of the termination and/or severance of employment of the Employees.

**"Encumbrances"** means any security interests (whether contractual, statutory, or otherwise), mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, leases, title retention agreements, reservations of ownership, demands, executions, levies, charges, options or other rights to acquire any interest in any assets, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including the Administration Charge, and all contracts to create any of the foregoing, or encumbrances of any kind or character whatsoever;

**"Equipment"** means, collectively, such equipment of the Vendor used in connection with the Business identified and enumerated in Schedule 'C' hereto, together with all of the Vendor's right, title and interest in and to the same;

**"Excluded Assets"** means, collectively, any asset(s) that the Purchaser elects to exclude in writing prior to Closing pursuant to Section 2.6; and, **"Excluded Asset"** means any of them.

**"Governmental Authorities"** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **"Governmental Authority"** means any one of them;

**"HST"** means all of the harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

**"Intellectual Property"** means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, recipes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is

stored, including without limitation any specific intellectual property enumerated in Schedule “D” hereto, together with all of the Vendor’s right, title and interest in and to the same;

**“Interim Period”** means the period from and including the date of this Agreement to and including the Closing Date;

**“Inventory”** means, collectively, all inventory of the Vendor used in connection with the Business, including but not limited to all raw materials, packaging, work in progress and finished goods, as well as any specific inventory identified and enumerated in Schedule E” hereto, together with all of the Vendor’s right, title and interest in and to the same;

**“Liability”** means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation), including, without limitation, Employee Liabilities and **“Liabilities”** means the plural thereof;

**“Licences and Permits”** means all licences, permits, filings, certificates, authorizations, approvals or indicia of authority Related to the Business or the Purchased Assets or necessary for the operation or use of the Purchased Assets;

**“Parties”** means the Vendor and the Purchaser collectively, and **“Party”** means any one of them;

**“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

**“Personal Property”** means personal property of the Vendor not otherwise contemplated herein but identified and enumerated in Schedule ‘F’ hereto, together with all of the Vendor’s right, title and interest in and to the same;

**“Prepaid Amounts”** means all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;

**“Priority Payables”** has the meaning given in Section 2.2;

**“Proposal Trustee”** has the meaning given in the recitals above;

**“Proposal Trustee’s Certificate”** has the meaning given in Section 4.4;

**“Purchase Price”** has the meaning given in Section 2.2;

**“Purchased Assets”** means collectively, all of the Vendor’s right, title and interest in all of the and to the following:

- (a) the Assumed Contracts, if any;
- (b) the Intellectual Property;
- (c) the Inventory;
- (d) the Equipment, if any;
- (e) the Personal Property, if any;
- (f) the Licenses and Permits;
- (g) the Receivables;
- (h) the Prepaid Amounts;
- (i) the Books and Records;
- (j) all cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Vendor;
- (k) all rights and interests under or pursuant to all warranties, representations and guarantees, express implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise Related to the Business, and
- (l) all goodwill and other intangible assets associated with the Business, including all customer lists, telephone and facsimile numbers used in Related to the Business;
- (m) all websites, URLs, social media accounts, email accounts and all related servers or services; and
- (n) the Purchaser's sole option, any further assets of the Vendor that the Purchaser may add to the list of Purchased Assets by delivering to the Vendor and Proposal Trustee written notice of the same not later than two (2) Business Days in advance of Closing, whereupon such asset(s) shall be deemed to form part of the Purchased Assets;

other than the Excluded Assets;

**"Purchaser's Lawyers"** means Loopstra Nixon LLP;

**"Related to the Business"** means, directly or indirectly, used in, arising from, or relating in any manner to the Business or the Purchased Assets;

**"Receivables"** means the right, title and interest of the Vendor in and to all accounts receivable, bills receivable, trade accounts, book debts, insurance claims, and choses-in-action, now or hereafter due or owing to Vendor including but not limited to those specifically identified and enumerated in Schedule "G", together with any unpaid interest accrued on such items and any

security or collateral for such items, including recoverable deposits, attributable to the period prior to Closing;

“**Rights**” has the meaning ascribed thereto in Section 2.11 hereof;

“**Secured Creditors**” means all creditors having valid and enforceable secured interests satisfactory to the Proposal Trustee, registered against all or part of the assets of the Vendor;

“**Senior Secured Creditors**” means the holders of the 2023 Notes;

“**Senior Secured Debt**” means the indebtedness of the Vendor under the 2023 Notes;

“**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including, Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not;

“**Transferred Employees**” means Employees, if any, who have accepted an offer of employment from the Purchaser as of the Closing;

“**Vendor’s Lawyers**” means Aird & Berlis LLP; and

“**Warrants**” mean warrants issued by the Purchaser in favour of the Senior Secured Creditors granting to such creditors the right to acquire, on a *pro rata* basis based on each such creditor’s interest in the Senior Secured Debt, an aggregate of 20% of the common shares of the Purchaser, on a post-exercise basis, for a per share price of \$0.0001, exercisable within five (5) years of the Closing, in substantially the form attached as in Schedule “H”.

## 1.2 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

## 1.3 Schedules

The following Schedules shall form an integral part of this Agreement:

<b>Schedule “A”</b>	<b>2023 Notes</b>
<b>Schedule “B”</b>	<b>Assumed Contracts</b>
<b>Schedule “C”</b>	<b>Equipment</b>

<b>Schedule “D”</b>	<b>Intellectual Property</b>
<b>Schedule “E”</b>	<b>Inventory</b>
<b>Schedule “F”</b>	<b>Other Personal Property</b>
<b>Schedule “G”</b>	<b>Receivables</b>
<b>Schedule “H”</b>	<b>Form of Warrants</b>

**ARTICLE 2**  
**PURCHASE AND SALE**

**2.1 Purchase and Sale of Purchased Assets**

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets and the Purchaser shall assume the Assumed Obligations, if any.

**2.2 Purchase Price**

Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Purchased Asset, the purchase price for the Purchased Assets is estimated to be \$200,000.00 in cash and the equivalent of \$240,000.00 value in the form of Warrants shall ultimately be equal to the aggregate of value of the following, without duplication (the "**Purchase Price**"):

- (a) any and all amounts secured by the Admin Charge at Closing;
- (b) any and all amounts secured by the DIP Lender’s Charge at Closing;
- (c) any and all other amounts and claims which rank in priority to the Admin Charge on Closing, if any, (collectively, the “**Priority Payables**”); and
- (d) the Warrants;
- (e) plus, the assumption by the Purchaser of the Assumed Obligations.

**2.3 Funding of Proposal Trustee Fees in lieu of Deposit**

- (1) Contemporaneously with the execution and delivery of this Agreement by the Purchaser, the Purchaser shall at the request of the Company, in lieu of the payment of a deposit hereunder, pay a third-party deposit to the Proposal Trustee the order of the Proposal Trustee in trust, in the amount of \$50,000 (the “**Fees Deposit**”).
- (2) The Fees Deposit shall be held by the Proposal Trustee in an interest-bearing account with a bank.

- (3) The Fees Deposit shall be held by the Proposal Trustee as security for its fees and disbursements in the BIA Proceedings and any subsequent bankruptcy of the Vendor and may be accessed by the Proposal Trustee immediately upon the failure of the Company to fund its invoices directly or through the DIP Loan.
- (4) The Fees Deposit shall be non-refundable in all cases, except where the total value of the Fees Deposit is not required by the Proposal Trustee, in which case the Proposal Trustee shall promptly refund to the Purchaser the balance of any remaining funds.
- (5) If the Closing does not occur by reason of a material uncured default of the Vendor, the Fees Deposit shall not be reimbursed but, in such circumstances, the Purchaser may seek recovery from the Vendor any actual damages, provided however that the recovery for such additional damages is not to exceed the value of damages actually incurred as a result of such failure to close.
- (6) In the event that the Court, on the Vendor's application pursuant to Section 4.2(c) hereof, refused to grant the Approval and Vesting Order, this Agreement shall automatically terminate and the Fees Deposit shall be forfeited. In such case, neither Party nor the Proposal Trustee shall have any further recourse to each other.
- (7) If the Closing does not occur by reason of the material uncured default of the Purchaser, the then-existing balance of the Fees Deposit (plus accrued interest, if any), less any applicable withholding Tax, shall be forfeited and become the property of the Vendor as liquidated damages and not as a penalty. The Vendor's recourse against the Purchaser in such circumstances shall be limited to the right of the Vendor to retain the then-existing balance of the Fees Deposit.

## **2.4 Satisfaction of Purchase Price**

The Purchaser shall satisfy the Purchase Price at the Closing Date as follows:

- (a) by payment by wire transfer of the balance of the amounts secured by the Admin Charge and any Priority Payables due on Closing;
- (b) by the cancelation of all amounts secured by the DIP Lender's Charge;
- (c) by issuance of the Warrants to the Proposal Trustee, for distribution to the Senior Secured Lenders; and
- (d) by the assumption of the Assumed Obligations.

## **2.5 Allocation of Purchase Price**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and the Vendor prior to the Closing Date.

## 2.6 Excluded Assets

Save and except as otherwise expressly set out herein, the Purchaser may, at its option, exclude any of the Purchased Assets from the transaction contemplated hereby at any time prior to Closing by delivering to the Vendor and the Proposal Trustee written notice of the same, whereupon such asset(s) shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Cash Purchase Price as a result of such exclusion.

## 2.7 Sales and Transfer Taxes; HST and Receivables Elections

- (a) The Purchase Price shall be exclusive of any and all applicable Taxes.
- (b) The Purchaser shall be responsible for the payment on Closing of any Taxes that are required to be paid or remitted in connection with the consummation of the transactions contemplated in this Agreement.
- (c) At the Closing, the Vendor and the Purchaser shall, if applicable, jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.
- (d) At the Closing, if so requested by the Purchaser, the Vendor and the Purchaser shall, if applicable, jointly execute:
  - (1) an election under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date; and
  - (2) an election to under subsection 20(24) of the *Income Tax Act* (Canada), and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Vendor in respect of undertakings which arise from the operation of the business to which the Purchased Assets relate and to which paragraph 12(1)(a) of the *Income Tax Act* (Canada) applies.

## 2.8 Assumed Obligations

At Closing, the Purchaser shall assume and be liable for the following (collectively, the “Assumed Obligations”):

- (a) the Vendor’s Liabilities under the Assumed Contracts that arise out of, are incurred, or relate to the period from and after Closing;
- (b) all Liabilities and Claims arising or accruing from the use of the Purchased Assets from and after the Closing;

- (c) all Employee Liabilities in respect of any of the Transferred Employees, if any, in each case in respect of the period commencing at the Closing Time; and
- (d) all Taxes arising or accruing from and after the Closing from the use of the Purchased Assets, including, without limitation, HST to be collected and remitted to Canada Revenue Agency when due.

## 2.9 Excluded Liabilities

The Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Vendor (collectively, the **'Excluded Liabilities'**), which Excluded Liabilities include, but are not limited to, the following:

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing; and
- (b) all Employee Liabilities that arise out of or result from the employment or engagement by the Vendor of any of the Employees (other than Transferred Employees) (unless otherwise imposed by law) and/or the termination or severance of such engagement or employment (collectively, **"Non-Transferred Employee Liabilities"**).

## 2.10 Assumed Contracts

This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Assumed Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third Person if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Assumed Contract, in which event, the provisions of Section 2.11 hereof shall govern. The Purchaser shall be responsible for any pre-Closing Liabilities of the Vendor required to be paid to any Person in order to complete the assignment of any Assumed Contract to the Purchaser.

## 2.11 Assignment of Purchased Assets

Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment or transfer of the Purchased Assets or any right thereunder if an attempted assignment or transfer, without the consent of a third Person, would constitute a breach or in any way adversely affect the rights of the Purchaser hereunder. To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the **"Rights"** and each a **"Right"**) is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as otherwise expressly provided in this Agreement, and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an assignment or transfer of such Rights unless and until such approval, consent or waiver has been obtained or an order of the Court is granted under the BIA

Proceedings compelling assignment (an “**Assignment Order**”). After the Closing and until all such Rights are transferred to the Purchaser, the Vendor shall:

- (a) hold the Rights as bare trustee for the Purchaser;
- (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (c) enforce, at the reasonable request of and at the expense of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request, sole expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the opinion of the Purchaser, acting reasonably, necessary or proper in order that the obligations of the Vendor under such Rights may be transferred to the Purchaser (including but not limited to applying to Court for an Assignment Order) and performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall hold as bare trustee and promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent, waiver or order of the Court has not been obtained the earlier of (x) the date on which the Vendor becomes bankrupt under the BIA and (y) the 90<sup>th</sup> day following the Closing, such Right shall be deemed to be an Excluded Asset and the Vendor may terminate any agreement pertaining to such Right.

### **ARTICLE 3**

### **CLOSING ARRANGEMENTS**

#### **3.1 Closing**

Closing shall take place at 10:00 a.m. (the “**Closing Time**”) on the Closing Date at the offices of the Vendor’s Lawyers, or such other time and location as the Parties may agree upon in writing (including by way of electronic exchange of documents).

#### **3.2 Tender**

Any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company, or by wire transfer of immediately available funds to the account specified by that Party.

### 3.3 Vendor's Closing Deliveries

At the Closing, the Vendor shall deliver to the Purchaser the following, each in form and substance satisfactory to the Parties, acting reasonably:

- (a) if applicable, the elections referred to in Section 2.7;
- (b) a copy of the Approval and Vesting Order and the Proposal Trustee's Certificate contemplated thereby;
- (c) satisfactory evidence of the termination of all Employees as required by Section 7.3 hereof;
- (d) a bringdown certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (e) a general conveyance and assumption of liabilities with respect to Purchased Assets and Assumed Obligations;
- (f) specific assignments and conveyances of intellectual property, as requested by Purchaser;
- (g) delivery of the login details (e.g., account passwords, usernames, etc.) required to allow the Purchaser to access and use any of the Purchased Assets, including but not limited to all websites, domains, hosting services, any social media accounts and other active or inactive online profiles, and any service account;
- (h) delivery or release of the Books and Records; and
- (i) such further and other documentation as is referred to in this Agreement or as the Purchaser or the Purchaser's Lawyers may reasonably require to complete the transactions provided for in this Agreement.

### 3.4 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver to the Vendor or Proposal Trustee (as required herein) the following, each in form and substance satisfactory to the Parties, acting reasonably:

- (a) any cash payments required pursuant to Article 2 hereof;
- (b) the Warrants;
- (c) a general conveyance and assumption of liabilities with respect to Purchased Assets and the Assumed Obligations;
- (d) if applicable, the elections referred to in Section 2.7;

- (e) a bringdown certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date; and
- (f) such further and other documentation as is referred to in this Agreement or as the Vendor or the Vendor's Lawyers may reasonably require to complete the transactions provided for in this Agreement.

### **3.5 Delivery of the Proposal Trustee's Certificate**

When the conditions set out in Article 4 below have been satisfied or waived, the Proposal Trustee will deliver an executed copy of the Proposal Trustee's Certificate to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Proposal Trustee will file a copy of the Proposal Trustee's Certificate with the Court and provide evidence of such filing to the Purchaser.

## **ARTICLE 4**

### **CONDITIONS PRECEDENT**

#### **4.1 Conditions Precedents**

- (a) By no later than December 29, 2023, all Senior Secured Creditors shall execute a consent acknowledging this Agreement and consenting to Transactions contemplated hereby. In the event that the foregoing condition precedent is not satisfied by the aforementioned date, this Agreement shall be null and void, without recourse by either Party against the other.
- (b) By no later than January 15, 2024, the Court shall have granted an order in the BIA Proceedings approving the DIP Term Sheet, granting the Admin Charge in first priority and the DIP Lender's Charge in favour of the Purchaser in second priority on such terms as are satisfactory to the Purchaser, acting reasonably (the "**DIP Order**").

#### **4.2 Mutual Condition re: Approval and Vesting Order**

- (a) This Agreement is conditional on the Court granting **no later than January 15, 2024** an order in the BIA Proceedings approving this Agreement and the transactions contemplated hereby and vesting, upon the delivery of the Proposal Trustee's Certificate (as defined therein), all right, title and interest of the Vendor in and to the Purchased Assets in the Purchaser, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, other than any permitted encumbrances (the "**Approval and Vesting Order**").
- (b) The Approval and Vesting Order shall be substantially in the form of the model order approved by the "Ontario Commercial List Users Committee" satisfactory to the Purchaser, acting reasonably, which shall contemplate the delivery of a

certificate by the Proposal Trustee to evidence completion of the transactions contemplated by this Agreement (the “**Proposal Trustee’s Certificate**”).

- (c) As soon as practicable after the execution hereof by all Parties, the Vendor shall make a motion to the Court for request that the Court issue the Approval and Vesting Order.
- (d) The obligations of the Vendor and the Purchaser hereunder are subject to the satisfaction of, or the express written waiver of the Parties, at or prior to the Closing Time, the mutual condition that the Approval and Vesting Order shall have been granted by the Court in form and substance acceptable to the Purchaser and the Proposal Trustee, acting reasonably, and that neither the Vendor nor Purchaser shall have been served with any notice of appeal with respect to the Approval and Vesting Order, or any notice of any application, motion or proceedings seeking to set aside or vary the Approval and Vesting Order or to enjoin, restrict or prohibit the transaction contemplated hereby.

#### **4.3 Conditions Precedent of the Purchaser**

The Purchaser shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing, by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.1 shall be true and correct at the Closing Time; and
- (b) *Vendor Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered to the Purchaser at the Closing Time all the deliveries contemplated in Section 3.3 or elsewhere in this Agreement.

#### **4.4 Conditions Precedent of the Proposal Trustee**

The Proposal Trustee shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Proposal Trustee, and may be waived, in whole or in part, in writing by the Proposal Trustee at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 0 shall be true and correct at the Closing Time; and

- (b) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered to the Vendor or Proposal Trustee (as the case may be) at the Closing Time all the deliveries contemplated in Section 3.4 or elsewhere in this Agreement.

#### **4.5 Non-Satisfaction of Conditions**

If any condition precedent set out in Section 4.3 or 4.4 is not satisfied or performed prior to the time specified therefor, the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Party (but may not claim for any matter waived) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other Party to terminate this Agreement, in which event each Party shall be released from all obligations under this Agreement, provided that the Fees Deposit shall be dealt with in accordance with the terms of Article 2.3 hereof.

#### **4.6 Mutual Condition not Fulfilled**

If the condition in Section 4.2 shall not have been fulfilled by January 25, 2024 or such later date agreed upon by the Parties, then the Vendor or the Purchaser, in such Party's sole discretion, may terminate this Agreement by notice to the other Party, in which event each Party shall be released from all obligations under this Agreement, provided that (a) where the Vendor elects to terminate, the full amount of the Fees Deposit (plus any interest) shall be forfeited, without further recourse to the Vendor; and, (b) where the Purchase elects to terminate, the Fees Deposit (plus any interest) shall be forfeited, without further recourse to the Purchaser.

### **ARTICLE 5** **REPRESENTATIONS AND WARRANTIES**

#### **5.1 Representations and Warranties of the Vendor**

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.1, the Vendor hereby represents and warrants to the Purchaser as follows:

- (a) *Incorporation and Power.* The Vendor is a corporation duly incorporated under the laws of the Province of Ontario and are duly organized, validly subsisting and in good standing under such laws;

- (b) *Corporate Power and Authorization.* The Vendor has the requisite power to own its property and assets, including the Purchased Assets, and to carry on the Business as it is currently conducted;
- (c) *Due Authorization.* Subject to the granting of the Approval and Vesting Order and the DIP Order, the Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by them as contemplated by this Agreement and to carry out their obligations under this Agreement and such other agreements and instruments;
- (d) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order and the DIP Order, this Agreement constitutes a valid and binding obligation of the Vendor, enforceable against the Vendor, in accordance with its terms;
- (e) *HST.* The Vendor is a registrant under Part IX of the *Excise Tax Act* (Canada); and
- (f) *Residency.* The Vendor is not a non-resident within the meaning of Section 116 of the *Income Tax Act* (Canada).

## **5.2 Representations and Warranties of the Purchaser**

As a material inducement to the Vendor entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 0, the Purchaser hereby represents and warrants to the Vendor as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order and the DIP Order, this Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser, in accordance with its terms;
- (d) *Approvals and Consents.* Except as otherwise provided herein, no authorization, consent or approval of or filing with or notice to any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;

- (e) *HST*. The Purchaser is a registrant under Part IX of the *Excise Tax Act* (Canada);
- (f) *Residency*. The Purchaser is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada); and
- (g) *Capitalization*. As at the Closing Date, being the date of issuance of the Warrants, the Purchaser will have 8,000,000 common shares outstanding and a total capitalized value of \$1,200,000 and the Purchaser covenants that the next \$300,000 of capitalization contributed by the original shareholders shall be by way of equity investment via common shares.

### **5.3 Survival of Representations and Warranties**

- (a) The representations and warranties of the Vendor contained in Section 5.1 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.
- (b) The representations and warranties of the Purchaser contained in Section 0 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.

### **5.4 Acquisition of Assets on "As Is, Where Is" Basis**

The Purchaser acknowledges and agrees that the Vendor is selling and the Purchaser is purchasing the Purchased Assets on an “*as is, where is*” and “*without recourse*” basis as the Purchased Assets shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order, including, without limitation, whatever defects, conditions, impediments, hazardous materials or deficiencies exist at Closing, whether patent or latent. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation, do not apply hereto and have been waived by the Purchaser. The Purchaser further acknowledges that all written and oral information obtained by the Purchaser from the Vendor or any of its directors, officers, employees, professional consultants, advisors or representatives with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets wherever situated on the Closing Date.

**ARTICLE 6**  
**INTERIM PERIOD**

**6.1 Access**

During the Interim Period and subject to the terms herein, the Purchaser shall have reasonable access to the Purchased Assets during normal business hours and at such other times as agreed to by the Vendor to, among other things, conduct such inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Vendor. The Purchaser shall not be provided with access to any of the foregoing to the extent that such access would violate or conflict with:

- (a) any Applicable Law to which the Vendor or any of the Purchased Assets is subject; or
- (b) any agreement, instrument or understanding by which the Vendor is bound.

The Purchaser shall indemnify and hold harmless the Vendor from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way related to the inspection of the Purchased Assets by the Purchaser or attendance by the Purchaser at any premises of the Vendor, save and except for any claims, demands, losses, damages, actions and costs incurred or resulting from the negligence or wilful misconduct of the Vendor.

**6.2 Risk of Loss**

The Purchased Assets shall remain at the risk of the Vendor, to the extent of its interest, until the Closing and after Closing, the Purchased Assets shall be at the risk of the Purchaser.

**6.3 Purchaser's Right to Close or Terminate**

In the event that the Purchased Assets shall be damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within twenty-four (24) hours of the Vendor learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Vendor or Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the other party and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Parties shall not elect to terminate this Agreement as set out above, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

**ARTICLE 7**  
**EMPLOYEES**

**7.1 Discussions with Employees**

- (a) Immediately following the execution of this Agreement, the Vendor will provide access to and undertake all reasonable efforts to make available to the Purchaser

all individuals who are then Employees of the Vendor for the purpose of permitting the Purchaser to conduct interviews and/or to offer to employ or otherwise engage any of these Employees after the Effective Time on terms substantially similar to their respective terms and conditions of employment with the Vendor existing as of the Closing Date, determines, but any such offer to employ or any expression of interest shall be made subject to (a) confidentiality; (b) the issuance of the Approval and Vesting Order; and (c) Closing.

- (b) The Purchaser shall provide the Vendor with a final listing two (2) Business Days before Closing, indicating:
  - (1) those Employees to whom offers of employment or expressions of interest have been made;
  - (2) those Employees who have accepted any such offer; and
  - (3) those Employees who the Purchaser has determined will not be offered employment with the Purchaser.

## **7.2 Employment Offers**

The Purchaser may, in its sole discretion, offer new employment, conditional upon Closing and effective as of the Effective Time, to such of the Employees as determined by the Purchaser, in its sole discretion, on terms and conditions substantially similar to their respective terms and conditions of employment with the Vendor existing as of the Closing Date or such earlier time as appropriate.

## **7.3 Employment Terminations**

Notwithstanding the foregoing, the Vendor shall terminate all of its Employees effective immediately prior to Closing.

# **ARTICLE 8** **TERMINATION**

## **8.1 Termination by the Parties**

This Agreement may be terminated:

- (a) at the Purchaser's option at any time prior to the date on which the Court hears the application for the Approval & Vesting Order, which option may be exercised by delivery of notice to the Vendor and the Proposal Trustee (and provided that in such case the balance of the then-existing Fees Deposit will be forfeited to the Vendor);
- (b) upon the mutual written agreement of the Vendor and the Purchaser;
- (c) pursuant to Sections 4.5(b) or 4.6 by either Party; and

(d) pursuant to Section 6.3.

## **8.2 Remedies for Breach of Agreement**

If this Agreement is terminated as a result of any breach of a representation or warranty, or failure to satisfy a covenant or obligation of a Party, subject to Section 2.3 or as otherwise set out herein, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination. For greater certainty, if any order of the Court is made which directly or indirectly results in the termination of this Agreement, then no Party shall have any remedy, legal or otherwise, against the other Party or its property.

## **ARTICLE 9** **POST-CLOSING MATTERS**

### **9.1 Post-Closing Receipts**

If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Vendor, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Vendor or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Vendor or the Purchaser, as the case may be.

### **9.2 Books and Records**

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of six years from the Closing Date or for any longer period as may be required by any Applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Vendor and the Proposal Trustee (or any of their assigns) and, in the event either of the Vendor is adjudged or becomes bankrupt, any trustee of the estate of the Vendor and its respective representatives, reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets, including, without limitation, any personnel files/records of the Transferred Employees relating to the period up to the Closing and any Employees engaged by either Vendor or the Proposal Trustee at or in respect of the Purchased Assets up to and including the Closing Date, and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

## **ARTICLE 10** **GENERAL CONTRACT PROVISIONS**

### **10.1 Headings and Sections**

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

## **10.2 Number and Gender**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

## **10.3 Currency**

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

## **10.4 Statute References**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

## **10.5 Time Periods**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

## **10.6 Consent**

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

## **10.7 No Strict Construction**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party, including, without limitation, the doctrine of *contra proferentum*.

## **10.8 Entire Agreement**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

## 10.9 Expenses

Each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

## 10.10 Announcements

Except as required by Applicable Law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved in advance as to form, substance and timing by the Parties after consultation.

## 10.11 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile:

- (a) in the case of notice to the Vendor at

**The Good Fat Co. Ltd.**

Attention: Eric Kimmel  
Email: [eric@lovegoodfats.com](mailto:eric@lovegoodfats.com)

with a copy to:

**Aird & Berlis LLP**  
Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Canada

Attention: Steve Graff  
Email: [sgraff@airdberlis.com](mailto:sgraff@airdberlis.com)

- (b) in the case of a notice to the Purchaser at:

**1000747000 Ontario Inc.**

Attention: Patrick Higgins  
Email: [phiggins@propelbrands.ca](mailto:phiggins@propelbrands.ca)

with a copy to:

**Loopstra Nixon LLP**  
130 Adelaide St. West – Suite 2800  
Toronto, ON M5H 3P5

Attention: Graham Phoenix  
Email: [gphoenix@LN.com](mailto:gphoenix@LN.com)

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section.

#### **10.12 Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns including a trustee in bankruptcy of the Vendor. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

#### **10.13 Third Party Beneficiaries**

Unless where provided to the contrary by the specific terms hereof, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

#### **10.14 Time of the Essence**

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

#### **10.15 Amendment**

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

#### **10.16 Further Assurances**

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party

as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing Date, provided that the reasonable costs and expenses of any actions taken after the Closing Date at the request of a Party shall be the responsibility of the requesting Party.

### **10.17 Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

### **10.18 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario. The Parties consent to the jurisdiction and venue of the Court for the resolution of any disputes under this Agreement.

### **10.19 Independent Legal Representation or Advice**

The Parties acknowledge and agree that they have had an opportunity to consult with, and have consulted with, such independent legal advisors as they deem appropriate in a connection with the negotiation and execution hereof.

### **10.20 Non-Merger**

The representations, warranties and covenants of each Party contained in this Agreement (other than Article 4) will not merge on and will survive the closing of the Transaction and will continue in full force and effect, notwithstanding the closing of the Transaction or any investigation or knowledge acquired by or on behalf of the other Party.

### **10.21 Execution and Delivery**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed and delivered either in original or faxed form or by electronic delivery in portable document format (PDF) and the parties adopt any signatures received by a receiving fax machine as original signatures of the Parties.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. EXECUTIONS ON SEPARATE PAGE.]*

**IN WITNESS OF WHICH** the Parties have executed this Agreement with effect as of the date first above written.

VENDOR:

**THE GOOD FAT CO. LTD.**

Per:  \_\_\_\_\_  
DocuSigned by:  
Eric Kimmel  
7D736FDC27A54CD...

Name: Eric Kimmel

Title: Chairman

*I have the authority to bind the corporation.*

PURCHASER:

**1000747000 ONTARIO INC.**

Per: \_\_\_\_\_

Name:

Title:

*I have the authority to bind the corporation.*

**SCHEDULE "A"**  
**2023 NOTES**

	<b>Name</b>	<b>Amount</b>
1	Export Development Canada	\$1,500,000
2	InvestEco Sustainable Food Fund III, L.P.	\$1,000,000
3	Longo Family Capital LP	\$100,000
4	10530859 Canada Inc.	\$100,000
5	Wonderment Ventures Inc.	\$50,000
6	Healthy Me Inc.	\$50,000
7	O'Keeffes of Kilkenny Ltd	\$50,000
8	2586577 Ontario Inc.	\$25,000
	<b>Total:</b>	<b>\$2,875,000</b>

**SCHEDULE "B"**  
**ASSUMED CONTRACTS**

1. All contracts necessary for continued operation of the Vendor's domains, websites, email services, data-hosting, and other
2. Service contracts with Optinode Computer Services

**SCHEDULE "C"**  
**SPECIFIC EQUIPMENT**

1. All servers, computers systems and peripheral accessories (excluding any leased equipment).

**SCHEDULE “D”  
SPECIFIC INTELLECTUAL PROPERTY**

Any and all right, title and interest in and to the Company’s intellectual property, including but no limited to:

1. all financial, CRM and ERP data;
2. all marketing and branding materials, in any form; and

all right, title and interest in and to all of Vendor’s websites, domains, hosting services, email services, any social media accounts and all other active or inactive online profiles.

**SCHEDULE "E"**  
**SPECIFIC INVENTORY**

**[Purchaser to Complete prior to Closing, as necessary.]**

**SCHEDULE "F"**  
**OTHER PERSONAL PROPERTY**

**[Purchaser to Complete prior to Closing, as necessary.]**

**SCHEDULE "G"**  
**RECEIVABLES**

**[Purchaser to Complete prior to Closing, as necessary.]**

**SCHEDULE “H”**  
**FORM OF WARRANTS**

**Warrant Certificate #: <\*>**

THE WARRANTS AND THE SECURITIES DELIVERABLE UPON EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR EXERCISED BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THE WARRANTS AND SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN QUALIFIED FOR DISTRIBUTION UNDER CANADIAN SECURITIES LAWS. TRADING OF THESE SECURITIES IS RESTRICTED BY APPLICABLE SECURITIES LAWS. UNLESS PERMITTED UNDER ALL APPLICABLE SECURITIES LEGISLATION, THE HOLDER OF THESE SECURITIES MUST NOT TRADE THESE SECURITIES IN CANADA BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (1) <\*>, 2024 AND (2) THE DATE THE CORPORATION (AS DEFINED BELOW) BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH HEREIN. ANY TRANSFER OF ALL OR ANY PART OF THESE SECURITIES MADE IN CONTRAVENTION OF SUCH RESTRICTIONS SHALL BE NULL AND VOID.

THE WARRANTS REPRESENTED BY THIS CERTIFICATE WILL EXPIRE AT 5:00 P.M., TORONTO TIME, ON JANUARY <\*>, 2029.

**<\*> Warrants to Purchase Common Shares of**

**1000747000 ONTARIO INC.**

January <\*>, 2024

**1. Grant**

THIS IS TO CERTIFY THAT, for value received, <\*> (the “**Holder**”) is the registered holder of <\*> Class B common share purchase warrants (“**Warrants**”). Each Warrant entitles (but does not obligate) the Holder to subscribe for and purchase one fully paid and non-assessable Class B common share in the capital of the Corporation without par value (“**Common Share**”), as constituted on the date hereof, in the capital of 1000747000 Ontario Inc. (the “**Corporation**”) at a price of \$0.0001 per Common Share (the price at which one Common Share may be purchased

hereunder from time to time being hereinafter referred to as the ‘**Exercise Price**’) in lawful money of Canada at any time beginning on the date hereof by delivering to the Corporation at its principal executive office in <\*>, Ontario (i) this Warrant certificate (‘**Warrant Certificate**’) together with the subscription form appended hereto, or any other written notice in form reasonably satisfactory to the Corporation, in either case duly completed and executed, (ii) an executed joinder agreement in respect of the Corporation’s Shareholders Agreement as of <\*> (as may be further amended) (the ‘**Shareholders Agreement**’) and (iii) the aggregate subscription price for the Common Shares being subscribed for by the Holder in the manner herein provided. The Warrants represented by this Warrant Certificate will expire at 5:00 p.m., Toronto time, on January <\*>, 2029 (the ‘**Time of Expiry**’). The number of Common Shares which the Holder is entitled to acquire upon exercise of a Warrant and the Exercise Price are subject to adjustment in accordance with the terms and conditions hereof.

## 2. Partial Exercise

The Warrants represented by this Warrant Certificate may be exercised by the Holder from time to time prior to the Time of Expiry in whole or in part or parts. If the Holder subscribes for and purchases less than the full number of Common Shares entitled to be subscribed for and purchased under this Warrant Certificate prior to the Time of Expiry, the Corporation shall issue a new warrant certificate representing the unexercised balance of the Warrants to the Holder in the same form as this Warrant Certificate with appropriate changes.

## 3. Exercise

In the event of any exercise of the Warrants represented by this Warrant Certificate in accordance with the terms hereof, the Corporation shall deliver or cause to be delivered to the Holder, within three business days of receipt of this Warrant Certificate and the other deliverables herein referenced, a certificate representing the Common Shares:

- (a) subscribed for and purchased by the Holder hereunder against payment for such Common Shares by certified cheque, bank draft or money order in lawful money of Canada payable to or to the order of the Corporation; or
- (b) calculated based on the following formula:

$$X = Y(A-B)/A$$

where:

- X = the number of Common Shares of the Corporation to be issued to the Holder (which number shall be rounded down to the nearest whole number);
- Y = the number of Common Shares of the Corporation with respect to which this Warrant is being exercised (inclusive of the Common Shares of the Corporation surrendered to the Corporation in payment of the aggregate Exercise Price);

A = the fair market value of one Common Share of the Corporation as determined by the board of directors of the Corporation, acting reasonably and in good faith (the ‘Fair Market Value’), as of the business day immediately before: (i) the date on which Holder delivers this Warrant Certificate together with its Subscription Form to the Corporation; and (ii) the date on which this Warrant is otherwise exercised in accordance with its terms, and such determination, if made acting reasonably and in good faith, shall be conclusive and binding on all persons; and

B = the Exercise Price.

Following the payment contemplated by Section 3(a) or the cashless exercise contemplated by Section 3(b), the Holder shall become a shareholder of the Corporation in respect of the Common Shares subscribed for with effect from the date of delivery of this Warrant Certificate and the other deliverables herein referenced.

In the event that, upon the Time of Expiry, the Fair Market Value of one Common Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 3 is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 3 as to all Common Shares (or such other securities) for which it shall not previously have been exercised, and the Corporation shall, within a reasonable time, deliver a certificate representing the Common Shares (or such other securities) issued upon such exercise to the Holder in accordance with the terms and conditions of this Warrant Certificate.

#### **4. Warrantholder not a Shareholder**

Nothing contained in this Warrant Certificate shall be construed as conferring upon the Holder any right or interest as a Holder of Common Shares of the Corporation or any other right or interest other than those expressly provided herein prior to the Holder’s exercise of Warrants in accordance with the terms hereof.

#### **5. Adjustments**

- (a) Limited Application. This Section 5 shall apply only in respect of the first \$300,000 of Additional Common Shares or Common Share Equivalents issued after the Original Issue Date (as such terms are defined below).
- (b) Adjustments to Exercise Price for Diluting Issues.
  - (i) Special Definitions. For purposes of this Section 5, the following definitions shall apply:
    - (1) “Additional Common Shares” means all Common Shares and Common Share Equivalents issued by the Corporation after the Original Issue Date.

- (2) “Common Share Equivalents” means all securities issued by the Corporation with rights and preferences that are substantially similar to those of the Common Shares; and
  - (3) “Original Issue Date” means January <\*>, 2024.
- (ii) Adjustment of Exercise Price Upon Issuance of Additional Securities. In the event that the Corporation at any time after the Original Issue Date and prior to the Time of Expiry issues Additional Common Shares or securities that can be converted into Additional Common Shares, the number of Common Shares into which the Warrants are exercisable shall be adjusted to maintain the percentage of the Corporation’s total capitalization that would have been acquirable upon exercise of the Warrants immediately prior to the record date for such issuance.
- (c) Adjustment for Share Splits and Combinations; Certain Dividends and Distributions. If the Corporation shall at any time, or from time to time after the Original Issue Date prior to the Time of Expiry:
- (i) shall make or issue, or fix a record date for the determination of the holders of the Common Shares or Common Share Equivalents entitled to receive a dividend in Common Shares or Common Share Equivalents, or make a distribution of Common Shares or Common Share Equivalents on all or substantially all of its outstanding Common Shares or Common Share Equivalents;
  - (ii) effect a subdivision of the outstanding Common Shares into a larger number of Common Shares, or combine the outstanding Common Shares into a smaller number of Common Shares,
- then in each case:
- (iii) the number of Common Shares acquirable upon exercise of the Warrants immediately after the occurrence of any such event shall be adjusted to equal the number of Common Shares (plus the applicable Common Share Equivalents if this Warrant were exercisable into Common Share Equivalents) that a record holder of the same number of Common Shares that would have been acquirable upon exercise of the Warrants (plus the applicable Common Share Equivalents if this Warrant were exercisable into Common Share Equivalents) immediately prior to the record date for such dividend or distribution or the effective date of such subdivision or combination would own or be entitled to receive after such record date or the effective date of such subdivision or combination, as applicable; and
  - (iv) the Exercise Price then in effect shall be adjusted to equal (rounded up to the nearest cent):

- (1) the Exercise Price then in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision or combination, multiplied by the number of Common Shares into which the Warrants are exercisable immediately prior to the adjustment, divided by
- (2) the number of Common Shares into which the Warrants are exercisable immediately after such adjustment.

Any adjustment under this Section 5 shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution, or at the same time as the subdivision or combination becomes effective, as applicable; provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Exercise Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Exercise Price shall be adjusted pursuant to this Section 5 as of the time of actual payment of such dividends or distributions; and provided, further, however, that no such adjustment shall be made to the Exercise Price if the Holder simultaneously receives (1) a dividend or other distribution of Common Shares (plus the applicable Common Share Equivalents if this Warrant were exercisable into Common Share Equivalents) in a number equal to the number of Common Shares as it would have received if all outstanding Warrants had been exercised into Common Shares on the date of such event, or (2) a dividend or other distribution of Warrants which are exercisable, as of the date of such event, into such number of Common Shares as is equal to the number of additional Common Shares (plus the applicable Common Share Equivalents if this Warrant were exercisable into Common Share Equivalents) being issued with respect to each Common Shares in such dividend or distribution.

- (d) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time, or from time to time after the Original Issue Date prior to the Time of Expiry, shall make or issue, or fix a record date for the determination of the holders of the Common Shares or Common Share Equivalents entitled to receive a dividend or other distribution payable in cash, shares (other than Common Shares or Common Share Equivalents) or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights), then and in each such event provision shall be made so that the Holder shall receive upon exercising the Warrants in addition to the number of Common Shares receivable thereupon, the amount of cash, shares (other than Common Shares or Common Share Equivalents) or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) that it would have received had the Warrants been exercised into Common Shares on the date of such event and had it thereafter, during the period from the date of such event to and including the exercise date, retained such securities receivable by it as aforesaid during such period, giving application to all adjustments called for during such period under this Section 5 with respect to the respective rights of

the Holder; and provided, further, however, that no such adjustment shall be made in respect of the Warrants, if the Holder simultaneously receives a dividend or other distribution of such cash, shares (other than Common Shares or Common Share Equivalents) or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in an amount equal to the amount of such cash, shares (other than Common Shares or Common Share Equivalents) or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) as it would have received if all outstanding Warrants had been exercised into Common Shares on the date of such event.

(e) Adjustment for Reclassification, Exchange, or Substitution.

- (i) If there shall occur a reclassification or redesignation of Common Shares at any time or a change of the Common Shares into other shares or other securities or any other capital reorganization (other than a share dividend, subdivision or combination referred to in Section 5(c)), or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification or redesignation of the Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the undertaking or assets of the Corporation to another corporation or other entity (any of such events being herein called a Capital Reorganization), and, pursuant to the terms of such Capital Reorganization, Common Shares of the successor or acquiring corporation, or any cash, shares or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of Common Shares of the successor or acquiring corporation (any such consideration other than Common Shares, the "Other Property"), are to be received by or distributed to the holders of Common Shares or holders of Common Share Equivalents, then the Holder of the Warrants shall have the right thereafter to receive, and still accept upon the exercise of the Warrant in lieu of the Common Shares to which such Holder was therefore entitled to receive, the number of Common Shares and the Other Property receivable upon or as a result of such Capital Reorganization by a holder of the number of Common Shares into which the Warrant is exercisable immediately prior to such event.
- (ii) If determined appropriate by the board of directors of the Corporation, acting reasonably and in good faith appropriate adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 5(e) with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 5(e) shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any

Warrant. Any such adjustments shall be made by and set forth in terms and conditions supplemental hereto approved by the board of directors of the Corporation, acting reasonably and in good faith. The foregoing provisions of this Section 5(e) shall similarly apply to successive Capital Reorganization transactions.

- (f) Other Action Affecting Common Shares. If and whenever at any time after the Original Issue Date prior to the Time of Expiry, the Corporation takes any action affecting its Common Shares or Common Share Equivalents to which the foregoing provisions of this Section 5, in the opinion of the board of directors of the Corporation, acting reasonably and in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes thereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such a manner as the board of directors of the Corporation may in good faith determine to be reasonable and equitable in the circumstances and intended to achieve the intended economic impact of anti-dilution, in each case, acting reasonably and in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors of the Corporation has determined in good faith that it is reasonable and equitable to make no adjustment in the circumstances.
- (g) No Impairment. The Corporation will not, by amendment of its articles or through any reorganization, transfer of assets, amalgamation, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.
- (h) Certificate as to Adjustments; Disputes. Upon the occurrence of each adjustment or readjustment pursuant to this Section 5, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of the Holder, furnish or cause to be furnished to the Holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Exercise Price then in effect, and (iii) the number of Common Shares and the amount, if any, of other property which then would be received upon the exercising of the Warrants. If a dispute at any time arises with respect to any adjustment or readjustment pursuant to this Section 5, the resolution of such dispute will be conclusively determined,

at the Corporation's expense, by a firm of independent chartered accountants as may be agreed by the Corporation and the Holder, each acting reasonably, and any such determination will be binding upon the Corporation and the Holder.

- (i) Notice of Record Date. In the event:
- (i) that the Corporation declares a dividend (or any other distribution) on its Common Shares or Common Share Equivalents payable in Common Shares or other securities of the Corporation;
  - (ii) that the Corporation subdivides or combines its outstanding shares of Common Shares or Common Share Equivalents;
  - (iii) of any Capital Reorganization;
  - (iv) that there is any other adjustment contemplated by Section 5(e)(ii) that includes a record date; or
  - (v) of the involuntary or voluntary dissolution, liquidation or winding up of the Corporation,

then the Corporation shall cause to be filed at its principal office or at the office of the transfer agent of the Corporation, and shall cause to be mailed to the Holder at its last address as shown on the records of the Corporation and such transfer agent, at least ten days prior to the date specified in (1) below or 20 days before the date specified in (2) below, a notice stating:

- (1) the record date of such dividend, distribution, subdivision, combination, Capital Reorganization or other adjustment contemplated by Section 5(e)(ii), or, if a record is not to be taken, the date as of which the holders of Common Shares or Common Share Equivalents of record to be entitled to such dividend, distribution, subdivision, combination, Capital Reorganization or other adjustment contemplated by Section 5(e)(ii) are to be determined, or
  - (2) the dissolution, liquidation or winding up is expected to become effective, and the date that as of which it is expected that holders of Common Shares or Common Share Equivalents of record shall be entitled to exchange their Common Shares or Common Share Equivalents for securities or other property deliverable upon such reclassification, sale, dissolution or winding up.
- (j) Additional Notices. In the event that the Corporation is required to provide notice to any holders of shares or other securities of the Corporation pursuant to the terms and conditions of the Shareholders Agreement, concurrently therewith the Corporation shall cause to be mailed to the Holder at its last address as shown on the records of the Corporation and the office of the transfer agent of the

Corporation notice thereof to the Holder as it would have been sent if all outstanding Warrants had been exercised into Common Shares on the date of such mailing. In addition, and without limiting the generality of the foregoing sentence, in the event of an amendment to the Shareholders Agreement pursuant to Section <\*> thereof, the Corporation shall provide the Holder with notice thereof concurrently with the delivery of such notice to any holders or other securities of the Corporation and in any event at least 10 days prior to the approval and/or effectiveness of such amendment.

## **6. Covenants**

6.1 The Corporation covenants and agrees that until the Expiry Time:

- (a) the Common Shares which may be issued from time to time upon the exercise of the Warrants represented by this Warrant Certificate will, upon issuance and payment therefor in accordance herewith, be fully paid and non-assessable;
- (b) the Corporation will reserve and keep available at all times a sufficient number of unissued Common Shares out of its authorized capital to provide for the exercise in full, at any time, of the rights represented by this Warrant Certificate; and
- (c) the Corporation will promptly advise the Holder of any defaults under this Warrant Certificate.

6.2 The Corporation further covenants and agrees that in the event of any exercise of the Warrants represented by this Warrant Certificate in accordance with the terms hereof, following the receipt of the Holder's subscription form, the Corporation shall promptly amend its shareholder agreements to incorporate the Holder's minimum requirements as set forth in Schedule A hereof.

6.3 The Corporation further covenants and agrees that after the date of this Warrant Certificate, the Corporation will only issue such additional Common Shares or additional securities (i) with rights and preferences that are substantially similar to those of the Common Shares (for clarity, including without limitation Class A Common Shares) or (ii) that are convertible into, or exercisable for any Common Share (or securities substantially similar thereto), as are reasonably and demonstrably needed for working capital or mergers and acquisition purposes, or for reasonable employee compensation in accordance with industry standards.

6.4 The Corporation further covenants that the next \$300,000 of capitalization contributed by the Corporation's original shareholders shall be by way of equity investment via Common Shares.

## **7. Lost Certificate**

If the Warrant Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall issue, countersign and deliver to the Holder a new warrant certificate of like denomination, tenor and date as the Warrant Certificate; provided that the Holder shall bear the reasonable cost of the

issue thereof and in case of loss, destruction or theft, shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate as shall be satisfactory to the Corporation, in its sole discretion acting reasonably.

## **8. Assignment**

Other than: (a) a Permitted Transfer (as such term is defined in the Shareholders Agreement); (b) to an Affiliate of the Holder; or (c) with the prior written consent of the Corporation, which consent shall not be unreasonably conditioned, delayed or withheld, this Warrant Certificate is not assignable by the Holder. This Warrant Certificate is binding upon the parties and their respective successors and permitted assigns.

For the purposes of this Warrant Certificate, the term ‘Affiliate’ means, with respect to a specified entity, an entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the entity specified, in each case where the term ‘control’ means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract interest or otherwise.

## **9. Amendment**

The terms of the Warrants represented by this Warrant Certificate may be amended, and the observance of any term thereof may be waived, only by a written instrument signed by the Corporation and the Holder.

## **10. Registration Rights**

If at any time the Corporation grants any holder or prospective holder of equity in the Corporation or warrants, options, convertible, exchangeable or exercisable securities or other rights to acquire equity of the Corporation the right to register equity of the Corporation under the securities laws of any province or territory of Canada, the United States or any other jurisdiction, it shall grant the Holder or the holder of any equity in the Corporation that has been or may be acquired pursuant to the terms of this Warrant the same rights, upon exactly the same terms and conditions, to register equity in the Corporation acquired or which may be acquired pursuant to the terms of this Warrant, including (without limitation) the right to be included in any registration of equity of such other holder or prospective holder.

## **11. Notices**

All notices, requests, instructions, directions and other communications provided for herein (including any modifications of, or waivers, requests or consents under, this Warrant) shall be given or made in writing delivered to the applicable addresses specified below or at such other address as shall be designated by the Corporation or the Holder, as applicable, in a notice to the other. Except as otherwise provided in this Warrant, all such communications shall be deemed to have been duly given upon receipt of a legible copy thereof, in each case given or addressed as aforesaid.

- (a) If to the Corporation:

1000747000 Ontario Inc.

Attention: <\*>

Email: <\*>

- (b) if to the Holder:

<\*>

Attention: <\*>

Email: <\*>

## 12. Representations and Warranties

The Corporation represents and warrants to the Holder as of the date hereof as follows:

- (a) the Corporation has been duly incorporated, is legally existing and is in good standing (or equivalent status) under the laws of its jurisdiction of incorporation;
- (b) this Warrant has been duly authorized, executed and delivered by the Corporation and constitutes the valid, legally binding and enforceable obligation of the Corporation (subject, in each case, to general equitable principles, insolvency, liquidation, reorganization and other laws of general application relating to creditors' rights);
- (c) the Common Shares of the Corporation to be issued upon the exercise of this Warrant has been reserved by the Corporation and, upon exercise of this Warrant in accordance with their terms, will be validly issued, fully paid and non-assessable;
- (d) the number of securities of the Corporation that are outstanding is: (i) <\*> Class A Common Shares; and (ii) <\*> Class B Common shares. Other than the foregoing, (i) there are no outstanding rights (including pre-emptive rights, except as set forth in the Shareholders Agreement), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock in the Corporation; and (ii) there is no contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of (x) any capital stock of the Corporation, (y) any such convertible or exchangeable securities; or (iii) any such rights, warrants or options;
- (e) no approval, authorization, consent or order of or filing with any governmental authority, or of or with any self-regulatory organization or other non-governmental regulatory authority or approval of the shareholders of the Corporation, any other person or entity, is required in connection with (i) the execution or delivery by the Corporation of this Warrant or the performance of obligations by the Corporation under this Warrant (including the issuance and sale

of the Common Shares underlying this Warrant), (ii) the transactions contemplated by this Warrant, other than any necessary filings under the securities or blue sky laws of the various jurisdictions in which this Warrant is being offered, and (iii) such approvals, authorizations, consents, orders, filings and other actions the failure of which to take, give, make or obtain would not have a material adverse effect;

- (f) the execution, delivery and performance of this Warrant by the Corporation, the issuance and sale of this Warrant and the Common Shares underlying this Warrant and the consummation of the transactions contemplated by this Warrant will not conflict with, result in any breach or violation of or constitute a default under (nor constitute any event which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under), or result in the creation or imposition of a lien, charge or encumbrance on any property or assets of the Corporation pursuant to, (i) the certificate of incorporation or name change or memorandum and articles of association, charter or bylaws or other applicable organizational documents of the Corporation, (ii) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument, to which the Corporation is a party or by which it or any of its properties may be bound or affected, (iii) any federal, state, local or non-U.S. applicable law, (iv) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority, or (v) any decree, judgment or order applicable to the Corporation or any of their respective properties, except, in the case of clause (ii), (iii), (iv) or (v), where such breach, violation, default, event, right, lien, charge or encumbrance would not, individually or in the aggregate, have a material adverse effect; and
- (g) The Corporation, its employees and agents: (i) are in compliance with Financial Crime Laws in all material respects; and (ii) is/are not currently under charge in a court or are formally under investigation by public prosecutors or, within the last five (5) years, have or has not been convicted in a court, for violation of laws of any country against the bribery (including, without limitation, laws against bribery of foreign public officials) or has not entered into any form of settlement or other arrangement including, without limitation, any publicly-available arbitral award in connection with the violation of laws against bribery. For purposes hereof, "**Financial Crime Laws**" refers to laws related to bribery and corruption, money laundering and terrorist financing, sanctions (including Canadian and U.S. sanction laws, regulations, embargoes and restrictive measures) and external fraud.

### 13. Change of Control

Notwithstanding any other provision of this Warrant Certificate, if the board of directors of the Corporation, acting reasonably and in good faith, at any time by resolution declares it advisable

to do so in connection with a transaction that, if completed, would result in a Change of Control (a **‘Proposed Transaction’**), the Corporation may give written notice to the Holder advising that the Warrants may be exercised not later than the closing date of the Proposed Transaction (the **Proposed Transaction Exercise Deadline**). In the event that, upon the Proposed Transaction Exercise Deadline, the Fair Market Value of one Common Share of the Corporation (or other security issuable upon the exercise hereof) as determined in accordance with Section 3 is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 3 as to all Common Shares (or such other securities) for which it shall not previously have been exercised, and the Corporation shall, within a reasonable time, deliver a certificate representing the Common Shares (or such other securities) issued upon such exercise to the Holder in accordance with the terms and conditions of this Warrant Certificate. If the Warrant is exercised prior to the Proposed Transaction Exercise Deadline and the Proposed Transaction is not completed then the Holder, within a period of 30 days following the Proposed Transaction Exercise Deadline, may elect to cancel an exercise. In respect of the Holder who makes this election, the Corporation will return to the Holder all rights under the Holder’s Warrants as if no exercise had been effected, subject to appropriate adjustment of accounts to the position that would have existed had there been no exercise of Warrants.

For purposes hereof, **‘Change of Control’** means:

- (a) any transaction or series of transactions with or into any other person or entity that effects any transfer, conveyance, sale, lease or exchange of all or substantially all of the assets of the Corporation, as the case may be, to any other person or entity (other than a person or entity that is an Affiliate of the Corporation), or
- (b) any acquisition or series of acquisitions by any means whatsoever by any person or entity (other than the Corporation, or any Affiliates thereof) or by a group of persons or entities acting jointly or in concert (other than with the Corporation, or any Affiliates thereof) of that number of securities of the Corporation, which have associated with them that number of votes which is equal to or greater than 50.1% of the votes associated with the then issued and outstanding voting securities of the Corporation.

#### **14. Governing Law; Miscellaneous**

This Warrant Certificate shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time shall be of the essence hereof. If any one or more of the provisions or parts thereof contained in this Warrant Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein will be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom. The Holder shall be entitled to the Warrants evidenced hereby, free from all equities or rights of set off or counterclaim between the Corporation and the original or any intermediate holder of such Warrants.

**IN WITNESS WHEREOF** the Corporation has caused this Warrant Certificate to be executed by its duly authorized officers.

**1000747000 ONTARIO INC.**

Per: \_\_\_\_\_  
Name:  
Title:

## SUBSCRIPTION FORM

**TO:** <\*>

The undersigned hereby irrevocably exercises the right to purchase and hereby subscribes for \_\_\_\_\_ Class B Common Shares in the capital of <\*> (the “**Corporation**”) referred to in the Warrant Certificate attached hereto according to the conditions thereof and:

[        ]        encloses herewith a certified cheque, bank draft or money order payable at par in the City of Toronto to the order of the Corporation; or

[        ]        cashless exercise pursuant to Section 3(b) of the Warrant Certificate,

in each case in full payment of the subscription price of the Class B Common Shares hereby subscribed for.

The undersigned hereby directs that the said shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF SHARES

(Please print. If securities are issued upon exercise of the Warrant Certificate to a person other than the holder of the Warrant Certificate, the holder will be responsible for any applicable transfer taxes. The Corporation may refuse to issue securities to persons other than the holder absent reasonable evidence that such other persons is entitled to such securities including pursuant to an agreement between the holder and such other persons.)

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]**

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print full name

\_\_\_\_\_  
Address in full

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Schedule A

### Holder's Minimum Requirements

#### 1. Information Rights

- Must provide at a minimum that Export Development Canada (“EDC”) and InvestEco Sustainable Food Fund III, L.P. (“InvestEco”) each receives: (i) within 120 day of each fiscal year end, externally reviewed annual consolidated financial statements, such financial reporting and compliance certificates delivered to the Company’s senior lender or Investor annually; (ii) within 45 days of the end of each fiscal quarter, unaudited, internally prepared quarterly consolidated financial statements (which shall include a balance sheet, income statement, and statement of changes of financial position); and (iii) within 30 days of the beginning of the fiscal year, a copy of the budget.
- Transaction documents must also include the following rider:

*Any other information as may be reasonably requested by EDC or InvestEco with respect to the Corporation or its Subsidiaries.”*

#### 2. Non-Solicitation or Non-Competition Covenants

- No such covenants shall apply to EDC or InvestEco. Exemption must also apply in connection with drag-along rights or such other similar third-party transfer provisions.

#### 3. Share Pledge Obligations

- Must exempt EDC and InvestEco.

#### 4. Power of Attorney

- Must exempt EDC and InvestEco.

#### 5. Confidentiality

- Must exempt/carve-out EDC and InvestEco and include the following rider:

*“Pursuant to EDC’s disclosure policies, EDC needs to be able to disclose the following in regard to its investment: (i) name, industry sector and location of the Corporation, (ii) date of signing, (iii) EDC product being provided and name of EDC as an investor in the Corporation, (iv) a general description of the transaction, (v) the amount of EDC’s investment in a C\$ range, as well as (vi) whether EDC categorizes the transaction as cleantech. EDC shall also not be prohibited from making any disclosures due to its status as a Canadian Crown Corporation to the Minister of International Trade, Export Promotion, Small Business and Economic Development, the Minister of Finance, the Treasury Board, the Auditor General of Canada or pursuant to Canadian international contractual obligations or EDC’s contractual obligations due solely to its status as a Canadian Crown Corporation.”*

#### 6. Representations of EDC on Subscription

- Enforceability representation must be qualified, pursuant to the following rider:

*“(subject to EDC’s immunity from execution, attachment, garnishment or other similar process being unenforceable against any property of EDC, as a Canadian Crown Corporation).”*

- This rider should also be included to the extent such representation is required on an EDC exit (e.g. when being dragged).

- EDC will only provide typical investor representations including: existence/incorporation, authority, enforceability (with the same immunity qualification as above), investor sophistication, accredited investor and purchased for its own benefit.

#### **7. Representations of EDC and InvestEco on an exit (for example, drag-along)**

- EDC and InvestEco will only provide fundamental representations, several liability and indemnity capped as to the consideration received by such sale.
- See also “*Representations of EDC on Subscription*” section above regarding any enforceability representation to be given on an exit.

#### **8. Representations of the Company**

- Must include compliance with laws representation with no material adverse effect (or change) carve out for laws related to corruption and bribery. Must also include the following representation/rider:

*“The Corporation, its employees and agents: (i) are in compliance with Financial Crime Laws in all material respects; and (ii) is/are not currently under charge in a court or are formally under investigation by public prosecutors or, within the last five (5) years, have or has not been convicted in a court, for violation of laws of any country against the bribery (including, without limitation, laws against bribery of foreign public officials) or has not entered into any form of settlement or other arrangement including, without limitation, any publicly-available arbitral award in connection with the violation of laws against bribery.”*

- Must also include the following covenant:

*“The Corporation will and will cause each of its officers and directors, employees and agents, to comply with Financial Crime Laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a material adverse effect.”*

- For both the representation and the covenant above, the definition of Financial Crime Laws is a follows:

*“Financial Crime Laws” refers to laws related to bribery and corruption, money laundering and terrorist financing, sanctions (including Canadian and U.S. sanction laws, regulations, embargoes and restrictive measures) and external fraud.”*

#### **9. Covenants of EDC**

- EDC and InvestEco are not permitted to provide any covenant.

#### **10. Permitted Transfer**

- Add rider for EDC transfers:

*“EDC may Transfer without consent, to an affiliate or wholly owned subsidiary or any Person Controlled by the Government of Canada.”*

- Note that EDC may not be subject to any obligations or restrictions once the permitted transfer is made.
- See also “*Non-Solicitation or Non-Competition Covenants*” section above regarding the removal of any restrictions on EDC as it relates to transfers to potential competitors.

**11. Amendments**

- Amendments are permitted as provided in the shareholders agreement, provided that EDC's and InvestEco's consent is required where there is a change to any EDC or InvestEco requirements.

**12. Governing Law**

- Must be a Canadian province, English Law or NY Law.

55443453.4

# Appendix "F"

The Good Fat Co. Ltd. Cash Flow Forecast For the Period Jan 8, 2023 to April 5, 2024	1	2	3	4	5	6	7	8	9	10	11	12	13	
	12-Jan-24	19-Jan-24	26-Jan-24	2-Feb-24	9-Feb-24	16-Feb-24	23-Feb-24	1-Mar-24	8-Mar-24	15-Mar-24	22-Mar-24	29-Mar-24	5-Apr-24	
<b>Receipts:</b>														
Collection of existing accounts receivable	106,316	40,000	40,000	-	-	-	-	-	-	-	-	-	-	186,316
DIP Receipts			200,000											200,000
<b>Total Receipts</b>	<b>106,316</b>	<b>40,000</b>	<b>240,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>386,316</b>
<b>Disbursements</b>														
Payroll, Contractors and Related Benefits	1,000	93,000	6,000	94,080	-	-	-	-	-	-	-	-	-	74,080
Product and Ingredient Costs														-
Insurance	8,133	-	-	-	-	-	-	-	-	-	-	-	-	8,133
Expenses billed to credit cards	15,000	5,000	15,000	25,000	-	-	-	-	-	-	-	-	-	60,000
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST/QST Remittances	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
3PL & Freight	38,667	38,667	38,667	-	-	-	-	-	-	-	-	-	-	116,000
Propel Natural Brands (CDN Broker)	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Customer service costs	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000
QB server/hosting costs	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000
Bank interest and fees	-	-	-	47,250	500	-	-	-	-	-	-	-	-	47,750
Critical Suppliers														-
Restructuring Professional Fees	30,000	30,000	30,000	30,000	30,000	-	-	-	-	-	-	-	-	150,000
Contingency	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-	-	-	20,000
<b>Total Disbursements</b>	<b>97,800</b>	<b>111,667</b>	<b>108,667</b>	<b>141,330</b>	<b>30,500</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499,963</b>
<b>Net Cash Flow</b>	<b>8,516</b>	<b>(71,667)</b>	<b>131,333</b>	<b>(141,330)</b>	<b>(30,500)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(113,647)</b>
Opening Cash Balance	157,569	166,085	94,418	225,751	84,421	53,921	53,921	43,921	43,921	43,921	43,921	43,921	43,921	157,569
Ending Cash Balance	166,085	94,418	225,751	84,421	53,921	53,921	43,921	43,921	43,921	43,921	43,921	43,921	43,921	43,921
DIP - Opening Balance	-	-	-	201,938	203,896	205,872	207,867	209,882	211,916	213,970	216,044	218,138	220,252	-
DIP Draws	-	-	200,000	-	-	-	-	-	-	-	-	-	-	200,000
DIP Interest	-	-	1,938	1,957	1,976	1,995	2,015	2,034	2,054	2,074	2,094	2,114	2,135	22,387
DIP - Ending Balance	-	-	201,938	203,896	205,872	207,867	209,882	211,916	213,970	216,044	218,138	220,252	222,387	222,387

The projected statement of cash flow has been prepared pursuant to section 50.4(2) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated this 12th day of January, 2024

The Good Fat Co. Ltd.

  
**DARRELL HARTMAN**  
 VICE PRESIDENT - FINANCE

The projected statement of cash flow has been prepared pursuant to section 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Trustee's Report on the Cash Flow Statement dated January 12, 2024 and the Report on Cash Flow Statement by the Person Making the Proposal dated January 12, 2024.

Richter Inc. in its capacity as Trustee  
 Acting in the proposal of  
 The Good Fat Co. Ltd.  
 And not in its personal capacity

per:



Karen Kimel, Macc, CA, CPA, CPA (IL), CIRP, LIT

# Appendix "G"

District of: Ontario  
Division No.: 09-Toronto  
Court No.: 31-3026717  
Estate No.: 31-3026717

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the matter of the Notice of Intention to make a Proposal of  
The Good Fat Co. Ltd.  
of the city of Toronto  
in the province of Ontario

The management of The Good Fat Co. Ltd. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 12<sup>th</sup> day of January 2024, consisting of the period from January 8, 2024 to April 5, 2024.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto, Province of Ontario, this 12<sup>th</sup> day of January 2024.



\_\_\_\_\_  
The Good Fat Co. Ltd.

DARIN HARTMAN  
VICE PRESIDENT - FINANCE  
Name and title of signing officer

District of: Ontario  
Division No.: 09-Toronto  
Court No.: 31-3026717  
Estate No.: 31-3026717

- FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the matter of the Notice of Intention to make a Proposal of  
The Good Fat Co. Ltd.  
of the city of Toronto  
in the province of Ontario

**Purpose:**

The Good Fat Co. Ltd. (the "**Company**") filed a Notice of Intention to Make a Proposal on January 2, 2024. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company, for the period January 8, 2024 to April 5, 2024 ("**Forecast Period**"), relating to the filing of a Notice of Intention to Make a Proposal on January 2, 2024. This Statement of Projected Cash Flow has been prepared by management on January 12, 2024 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

**Projection Notes:**

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period January 8, 2024 to April 5, 2024, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

**Assumptions:**

(a) General

The Statement of Projected Cash Flow assumes that the Ontario Superior Court (Commercial List) (the "**Court**") approves the Company's request for approval of a sale of substantially all of its assets (the "**Transaction**"). The Statement of Projected Cash Flow further assumes that the Transaction closes on January 26, 2024 (the "**Forecasted Transaction Date**").

During the Forecast Period, the Company continues to collect accounts receivable and ship existing inventory however no new inventory is procured or produced during the period.

(b) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon:

- accounts receivable outstanding at December 31, 2023;
- managements collection experience and the Company's payment terms with its customers;
- collections of accounts receivable are included only until the Forecast Closing Date with any remaining accounts receivable at that time assumed to be collected by the purchaser; and
- sales generated throughout the Forecast Period are assumed to generate accounts receivable which will comprise assets sold subject to the Transaction and therefore no collections of new sales are forecast during the Forecast Period. While some collections from new sales may be received prior to the Forecasted Transaction Date, these are not considered to be material and the Company is unable to accurately forecast the potential for collection of same.

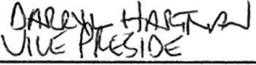
(c) Projected Cash Disbursements

The projected cash disbursements are based upon:

- payroll and source deductions reflect the Company's recent staff reductions. Payroll and source deductions are assumed to be paid bi-weekly and relate to amounts accrued up to the Forecasted Transaction Date;
- operating and shipping costs reflect planned continued shipment of existing inventory during the Forecast Period on a scaled down basis and payment of related expenses;
- the cash disbursements do not provide for the payment of pre-filing amounts outstanding to unsecured creditors;
- estimated professional fees relating to the filing have been included in the disbursements;
- the cash disbursements relate only to the period prior to the Forecasted Transaction Date; and
- costs related to the period after the Forecasted Transaction Date are assumed to be paid by the purchaser.

Dated at the City of Toronto, Province of Ontario, this 12<sup>th</sup> day of January 2024.

  
\_\_\_\_\_  
The Good Fat Co. Ltd.

  
\_\_\_\_\_  
Name and title of signing officer

# Appendix “H”

District of: Ontario  
Division No.: 09-Toronto  
Court No.: 31-3026717  
Estate No.: 31-3026717

FORM 29  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the Notice of Intention to make a Proposal of  
The Good Fat Co. Ltd.  
of the city of Toronto  
in the province of Ontario

The attached statement of projected cash flow of The Good Fat Co. Ltd., as of the 12<sup>th</sup> day of January 2024, consisting of the period from January 8, 2024 to April 5, 2024, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 12<sup>th</sup> day January 2024.

Richter Inc. – Licensed Insolvency Trustee  
Per:



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Karen Kimel, MAcc, CPA, CIRP, LIT  
181 Bay Street, Suite 3510  
Toronto, ON M5J 2T3  
Phone: 416.488.2345 Fax: 514.934.8603

District of: Ontario  
Division No.: 09-Toronto  
Court No.: 31-3026717  
Estate No.: 31-3026717

FORM 29 – ATTACHMENT  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the Notice of Intention to make a Proposal of  
The Good Fat Co. Ltd.  
of the city of Toronto  
in the province of Ontario

**Purpose:**

The Good Fat Co. Ltd. (the "**Company**") filed a Notice of Intention to Make a Proposal on January 2, 2024. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company, for the period January 8, 2024 to April 5, 2024, relating to the filing of a Notice of Intention to Make a Proposal on January 2, 2024.

This Statement of Projected Cash Flow has been prepared by management on January 12, 2024, based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

**Projection Notes:**

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period January 8, 2024 to April 5, 2024 (the "**Forecast Period**"), considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

**Assumptions:**

(a) General

The Statement of Projected Cash Flow assumes that the Ontario Superior Court (Commercial List) (the "**Court**") approves the Company's request for approval of a sale of substantially all of its assets (the "**Transaction**"). The Statement of Projected Cash Flow further assumes that the Transaction closes on January 26, 2024 (the "**Forecasted Transaction Date**").

During the Forecast Period, the Company continues to collect accounts receivable and ship existing inventory however no new inventory is procured or produced during the period.

(b) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon:

- accounts receivable outstanding at December 31, 2023;
- managements collection experience and the Company's payment terms with its customers;

- collections of accounts receivable are included only until the Forecast Closing Date with any remaining accounts receivable at that time assumed to be collected by the purchaser; and
- sales generated throughout the Forecast Period are assumed to generate accounts receivable which will comprise assets sold subject to the Transaction and therefore no collections of new sales are forecast during the Forecast Period. While some collections from new sales may be received prior to the Forecasted Transaction Date, these are not considered to be material and the Company is unable to accurately forecast the potential for collection of same.

(c) Projected Cash Disbursements

The projected cash disbursements are based upon:

- payroll and source deductions reflect the Company's recent staff reductions. Payroll and source deductions are assumed to be paid bi-weekly and relate to amounts accrued up to the Forecasted Transaction Date;
- operating and shipping costs reflect planned continued shipment of existing inventory during the Forecast Period on a scaled down basis and payment of related expenses;
- the cash disbursements do not provide for the payment of pre-filing amounts outstanding to unsecured creditors;
- estimated professional fees relating to the filing have been included in the disbursements;
- the cash disbursements relate only to the period prior to the Forecasted Transaction Date; and
- costs related to the period after the Forecasted Transaction Date are assumed to be paid by the purchaser.

Dated at the City of Toronto in the Province of Ontario, this 12<sup>th</sup> day January 2024.

Richter Inc. – Licensed Insolvency Trustee

Per:



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Karen Kimel, MAcc, CPA, CA, CIRP, LIT  
181 Bay Street, Suite 3510  
Toronto, ON M5J 2T3  
Phone: 416.488.2345 Fax: 514.934.8603

# Appendix "I"

January 9, 2024

THE GOOD FAT CO. LTD.  
c/o Eric Kimmel ([eric@erickimmel.com](mailto:eric@erickimmel.com))

Dear Sir:

**Re: 1000747000 ONTARIO INC. (the “Lender”) interim financing credit facility in favour of THE GOOD FAT CO. LTD. (the “Borrower”)**

We understand that on January 2, 2024, the Borrower filed a Notice of Intention to Make a Proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act* (“**BIA**”), naming Richter Inc. (“**Richter**”) as proposal trustee (in such capacity, the “**Proposal Trustee**”), and that in connection with the NOI proceedings under the BIA (the “**BIA Proceedings**”) the Borrower requires interim financing and will be seeking from the Ontario Superior Court of Justice [Commercial List] (the “**Court**”) an interim financing order pursuant to section 50.6 of the BIA (the “**DIP Financing Order**”).

The Lender is pleased to offer interim financing by way of the credit facility described in this term sheet (the “**Term Sheet**”) subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency. All times express herein refer to eastern (Toronto) time. All capitalized terms not otherwise defined in the body of this Term Sheet shall have the meanings ascribed thereto in **Schedule “A”**.

**Borrower:** THE GOOD FAT CO. LTD.

**Lender:** 1000747000 ONTARIO INC.

**Facility:** A super-priority, debtor-in-possession non-revolving demand credit facility up to the maximum amount of CAD \$200,000 (the “**Facility**”).

**Purpose:** The purpose of the Facility is to fund (i) working capital needs in accordance with the Borrower’s cash flow projections approved by the Proposal Trustee and the Lender from time to time (the “**Cash Flow Projections**”); (ii) the Lender’s Fees and Expenses (as defined below); (iii) professional fees and expenses incurred by each of the Borrower and the Proposal Trustee and its counsel in respect of the BIA Proceedings; (iv) professional fees and expenses incurred by Richter (or its replacement) as trustee in the subsequent bankruptcy of the Borrower; and (v) such other costs and expenses of the Borrower as may be agreed to by the Lender in writing and with the consent of the Proposal Trustee.

**Repayment & Maturity:** The balance of the principal, interest and all obligations owing under the Facility shall be due in full on the earlier of (the “**Maturity Date**”): (i) the occurrence of an Event of Default (as defined below); (ii) the date on which the BIA Proceedings are terminated; (iii) the date upon which a transaction for the sale of substantially all of the business and assets of the Borrower is completed; and (iv) January 31, 2024 (or such other date as the Lender may agree and with the consent of the Proposal Trustee).

**Facility** The Facility shall be available by multiple advances (individually, an “**Advance**” and collectively, “**Advances**”), normally to be issued once a week in accordance with the following:

**Advances:**

1. the Borrower shall submit written requests for an Advance on the Thursday preceding the week for which the Advance relates;
2. the Lender shall fund an Advance on the Tuesday following the receipt of request for the same;
3. notwithstanding the quantum of any Advance requested, the Lender shall only be required to fund such portion thereof that is consistent with the necessary weekly funding set out in the Cash Flow Projections, plus a maximum variation thereto of ten percent (10%) (for any Advance, the “**Maximum Advance Value**”);
4. the funding of any portion of an Advance in excess of the Maximum Advance Value shall be at the sole discretion of the Lender; and
5. all Advances shall be advanced by wire transfer to a bank account designated by the Borrower in writing.

Notwithstanding the foregoing, the Lender may issue Advances outside of, or ancillary to, the procedures above at its discretion.

Nothing in this Term Sheet creates a legally binding obligation on the Lender to advance any amount under the Facility at any time unless the Lender is satisfied in its sole discretion, acting reasonably, that the Borrower is in compliance with every provision of this Term Sheet and that no fact exists or event has occurred which materially changes the manner in which the Lender previously evaluated the risks inherent in advancing amounts to the Borrower under the Facility, whether or not the Lender was or should have been aware of such facts or events differently at any time.

**Commitment Fee:** nil.

**Interest:** 7.2% per annum, calculated monthly on a daily balance outstanding.

**Fees & Expenses:** The Borrower shall pay all fees and expenses (collectively, the “**Lender’s Fees and Expenses**”) incurred by the Lender in connection with the preparation, registration and ongoing administration of this Term Sheet, the DIP Financing Order, the DIP Charge and with the enforcement of the Lender’s rights and remedies thereunder or at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Lender, on a full indemnity basis. For purposes of greater certainty, “**Lender’s Fees and Expenses**” shall include all reasonable fees and expenses incurred by the Lender in connection with the BIA Proceedings and all Court attendances in respect thereof. If the Lender has paid any expense for which the Lender is entitled to reimbursement from the Borrower, such expense shall be added to the Facility and shall accrue interest at the rate set out above. All such fees and expenses and interest thereon shall be secured by the DIP Charge whether or not any funds under the Facility are advanced

**Security:** All debts, liabilities, and obligations of the Borrower under the Facility shall be secured by the DIP Charge (*as defined below*) and such security agreements

charging all of the properties, assets and undertakings of the Borrower, as may be reasonably requested by the Lender.

**Conditions:**

The availability of the Facility is subject to and conditional upon the following:

1. by not later than 5:00pm on January 15, 2024, the Court shall have issued the DIP Financing Order in a form satisfactory to the Lender including:
  - (a) approving this Term Sheet and the Facility contemplated herein;
  - (b) granting the Lender a priority charge (the “**DIP Charge**”) in favour of the Lender over all present and future assets, properties and undertakings of the Borrower as security for repayment of the DIP Facility and all interest, fees, expenses and other amounts payable by the Borrower, ranking in priority to all interests save and except for the Administration Charge and the Directors’ Charge (*as such terms are defined below*);
  - (c) granting the Lender the right, upon the occurrence of an Event of Default, to terminate the Facility and to enforce the rights and remedies available to it, with Court approval obtained on not more than five (5) days’ notice to the Borrower and the Proposal Trustee, pursuant to the DIP Financing Order, this Term Sheet, the DIP Charge, and any additional rights and remedies available to it, at law or in equity;
  - (d) declaring that the granting of the DIP Charge, the execution and delivery of all other documents and instruments contemplated herein, and the payment of all amounts by the Borrower to the Lender, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any Applicable Law;
  - (e) declaring the DIP Financing Order, including the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, the Proposal Trustee, any receiver, interim-receiver, receiver-manager or any other officer of the Court appointed in respect of the Borrower; and
  - (f) declaring the Lender to be an “unaffected creditor” under any restructuring plan that may be made by the Borrower and that the indebtedness to the Lender under the Facility shall not be compromised under any such restructuring plan;
2. by no later than 5:00pm on January 16, 2024, the Court shall have issued an order approving the sale of, and vesting title to, substantially all of the assets of the Borrower to and in the Lender (the “**Approval & Vesting Order**”) pursuant to the terms of the Asset Purchase Agreement made December 29, 2023 (the “**APA**”);
3. any charge to secure the payment of the fees and expenses of counsel to the Borrower, the Proposal Trustee, counsel to the Proposal Trustee not to exceed \$150,000 (the “**Administration Charge**”);
4. any charge to indemnify the Borrower’s officers and directors for any potential liabilities they may incur as a result of continuing on in those

roles during the BIA Proceedings not to exceed \$100,000 (the “**Directors’ Charge**”);

5. the DIP Financing Order and the Approval & Vesting Order (collectively, the “**Restructuring Orders**”) shall not have been amended or varied in a manner adverse to the Lender, or stayed, without the consent of the Lender, and shall continue to be in full force and effect;
6. receipt of a duly executed copy of this Term Sheet; and
7. delivery by the Borrower to the Lender of any such further security or documentation that the Lender and its lawyers may reasonably require to give effect to the foregoing.

Each of the following is a condition precedent to any subsequent Advance to be made hereunder, in each case unless waived in writing by the Lender in its sole discretion:

1. all of the conditions contained in this Term Sheet shall have been satisfied and shall as at the time of the making of the subsequent Advance in question continue to be satisfied; and
2. no Event of Default shall have occurred and be continuing.

The making of an Advance hereunder without the fulfillment of one or more conditions set forth in this Term Sheet shall not constitute a waiver of any such condition, unless expressly so waived in writing by the Lender, and the Lender reserves the right to require fulfillment of such condition in connection with any Advance.

**Reporting  
Covenants:**

The Borrower shall provide such financial and other information as the Lender may reasonably request, from time to time.

**Other Covenants:**

The Borrower covenants and agrees with the Lender, so long as any amounts are outstanding by the Borrower to the Lender hereunder, to:

1. pay all sums of money when due hereunder;
2. not request, obtain or consent to a variation of the DIP Financing Order if, in the opinion of the Lender, such variation may be prejudicial to the Lender, without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed;
3. make all reasonable efforts to provide the Lender with at least five (5) Business Days’ advance notice of all Court filings made by it, together with copies of, and an opportunity to comment on, all related Court materials;
4. provide the Lender and Proposal Trustee with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Term Sheet, or of any document given in connection therewith;
5. use the proceeds of the Facility solely for the purposes provided for herein;

6. keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
7. upon reasonable notice, permit the Lender or its representatives, at any time and from time to time with such frequency as the Lender, in its sole discretion, may require, to visit and inspect the Borrower's premises, properties and assets and to examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisors of the Borrower all at the reasonable expense of the Borrower;
8. carry on the business of the Borrower in the normal course, consistent with past practice and orders of the Court made in the BIA Proceedings;
9. not incur any expense other than as included in the Cash Flow Projections without the prior written consent of the Lender and on notice to the Proposal Trustee, not to be unreasonably withheld;
10. to pay or make provision for payment of all Priority Claims due and payable from and after the commencement of the BIA Proceedings, as and when such Priority Claims are due; and
11. keep the Borrower's assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets naming the Lender as first loss payee and to ensure all assets secured by the DIP Charge are in existence and in the possession and control of the Borrower.

**Events  
of Default:**

Without limiting the right of the Lender to demand payment at anytime, if any one or more of the following events (an "**Event of Default**") has occurred and is continuing

1. the Borrower fails to pay when due any principal, fees or other amounts due under this Term Sheet;
2. the Borrower breaches any covenant, term, condition or other provision of this Term Sheet or any other document delivered to the Lender in respect thereof;
3. if the any of the Restructuring Orders are stayed, set aside or varied in a manner adverse to the Lender, without the consent of the Lender, in its sole discretion, or any other order of the Court in the BIA Proceedings is made, which is or may be prejudicial to the Lender's interests;
4. the stay of proceedings resulting from the BIA Proceedings is terminated or lifted in whole or in part without the consent of the Borrower and the Lender;
5. substantially all of the business or assets of the Borrower are sold, except pursuant to the APA, or as may be otherwise approved by the Lender in writing in advance;
6. any default or failure by the Borrower to make any payment of any Priority Claims due and payable arising from and after the commencement of the BIA Proceedings;
7. the Borrower becomes bankrupt or the appointment of a receiver, receiver and manager, or other officer of the Court is made, all or any significant part of the assets of the Borrower;

8. then, in such event, the Lender may, by written notice to the Borrower and the Proposal Trustee declare all monies outstanding under the Facility to be immediately due and payable and upon seeking an order of the Court on not more than five (5) days notice, enforce, without further notice, demand or delay, all of its rights and remedies against the Borrower and its property, assets and undertaking including, without limitation, the enforcement of the DIP Charge.

Nothing contained in this section shall limit any right of the Lender under this Term Sheet to demand payment of the Facility. On the occurrence of an Event of Default, at the discretion of the Lender, the Borrower shall not be entitled to any further advance under this Facility. Any advance made by the Lender after the occurrence of an Event of Default shall not oblige the Lender to make further advances thereafter.

**Evidence of**

The Lender shall maintain records evidencing the Facility. The Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Lender pursuant to this Term Sheet.

**Indebtedness:**

**Representations**

The Borrower represents and warrants to the Lender that:

**and Warranties:**

1. it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Ontario or any other jurisdiction where it may carry on business;
2. subject to the issuance of the DIP Financing Order, the execution, delivery and performance by the Borrower of this Term Sheet has been duly authorized by all necessary actions and do not violate the constating documents or any Applicable Laws or agreements to which the Borrower is subject or by which it is bound;
3. no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any covenant or other term or condition of this Term Sheet or any document given in connection therewith; and
4. the Borrower has good and marketable title to all of its property, assets and undertakings.

**General:**

Non-Merger: The provisions of this Term Sheet shall not merge on the first advance hereunder but shall continue in full force and effect for the benefit of the parties hereto.

Further Assurances and Documentation: The Borrower shall do all things and execute all documents deemed necessary or appropriate by the Lender for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the DIP Charge to be granted pursuant to the DIP Financing Order.

Severability: If any provision of this Term Sheet is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other

jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Term Sheet.

Governing Law: This Term Sheet shall be construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Counterparts: This Term Sheet may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Term Sheet by email, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart

Assignment: The Lender may assign all or part of its rights and obligations under this Term Sheet without notice to and without the Borrower's consent. The Borrower may not assign or transfer all or any part of its rights or obligations under this Term Sheet, any such transfer or assignment being null and void and of no force or effect. This Term Sheet shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Time: Time shall be of the essence in all provisions of this Term Sheet.

Termination by Borrower: At any time following the indefeasible payment in full in immediately available funds of all of the amounts owing under the Facility, including, without limitation, principal, interest, costs and expenses contemplated hereunder, the Borrower shall be entitled to terminate this Term Sheet upon written notice to the Lender.

Entire Agreement, Amendments and Waiver: This Term Sheet and any other written agreement delivered pursuant to or referred to in this Term Sheet constitute the whole and entire agreement between the parties in respect of the Facility. There are no verbal agreements, undertakings or representations in connection with the Facility. No amendment or waiver of any provision of this Term Sheet will be effective unless it is in writing signed by the Borrower and the Lender. No failure or delay on the part of the Lender in exercising any right or power hereunder or under the DIP Charge shall operate as a waiver thereon. No course of conduct by the Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Term Sheet and the DIP Charge or the Lender's rights thereunder.

**Best Efforts:** Upon the Borrower's acceptance of this Term Sheet, the Borrower will use its best efforts to obtain the DIP Financing Order.

**Expiration:** This Term Sheet must be accepted by the Borrower by no later than 5:00 pm (Toronto Time) on January 11, 2023, after which this Term Sheet will expire.

If the terms and conditions of this Term Sheet are acceptable to you, please sign in the space indicated below and return the signed copy of this Term Sheet to us. Acceptance may also be effected by scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Term Sheet.

Yours truly,

**1000747000 ONTARIO INC.**

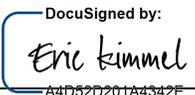
Per:  \_\_\_\_\_  
Name: Patrick Higgins  
Title: President

I have authority to bind the corporation.

**ACCEPTANCE**

The undersigned hereby accepts this Term Sheet this \_\_\_\_\_ day of January, 2023.

**THE GOOD FAT CO. LTD.**

DocuSigned by:  
  
Per: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the corporation.

## SCHEDULE "A"

In addition to terms defined elsewhere in this Term Sheet, the following terms shall have the following meanings:

- (a) **"Applicable Laws"** means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.
- (b) **"Priority Claims"** means the aggregate of any amounts accrued or payable by the Borrower which under any law may rank prior to or *pari passu* with the DIP Charge or otherwise in priority to any claim by the Lender for payment or repayment of any amounts owing under this Term Sheet, including: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) pension plan contributions; (iv) amounts required to be withheld from payments to employees or other persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee Employment Insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer Employment Insurance premiums; (v) harmonized sales tax; (vi) provincial sales or other consumption taxes; (vii) Workers' Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes; (ix) rent and other amounts payable in respect of the use of real property; (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; and (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the BIA.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE GOOD FAT CO. LTD.

Court File No. BK-24-03026717-0031  
Estate No. 31-3026717

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**FIRST REPORT OF THE TRUSTEE**

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Lawyers for Richter Inc. as Proposal Trustee of Good Fat  
Co. Ltd.