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May 3, 2024

## OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION



BEVCANNA ENTERPRISES INC. (the “Company” or “BevCanna”)

### SUMMARY OF OFFERING

#### What are we offering?

<b>Offering:</b>	Common shares in the capital of the Company (each, a “Common Share”).
<b>Offering Price:</b>	\$1.50 per Common Share.
<b>Offering Amount:</b>	A minimum of 333,333 Common Shares and a maximum of 590,000 Common Shares, for minimum gross proceeds of \$500,000 and maximum gross proceeds of \$885,000 (the “Offering”).
<b>Closing Date:</b>	The Offering will close in one single offering on or about May 10, 2024 (the “Closing Date”).
<b>Exchange:</b>	The Common Shares are listed on the Canadian Securities Exchange (“CSE”) under the trading symbol “BEV”, on the OTC Pink Market (“OTC”) under the trading symbol “BVNNF” and on the Frankfurt Stock Exchange (“FSE”) under the trading symbol “7BC”.
<b>Last Closing Price:</b>	On May 3, 2023, the last closing price of the Common Shares on the CSE, the OTC and the FSE was C\$1.82, US\$1.00, €1.145, respectively.

## **Description of the Common Shares**

The holders of Common Shares are entitled to one vote for each Common Share held at all meetings of Shareholders, to receive dividends if, as and when declared by the Board, and to participate in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Common Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Common Shares to contribute additional capital, and no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of Common Shares by the Company except to the extent that any such repurchase or redemption would render the Company insolvent.

***No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.***

**The Company is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 – *Prospectus Exemptions*. In connection with this offering, the issuer represents the following is true:**

- the issuer has active operations and its principal asset is not cash, cash equivalents or its exchange listing;
- the issuer has filed all periodic and timely disclosure documents that it is required to have filed;
- the total dollar amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$10,000,000;
- the issuer will not close this offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution; and
- the issuer will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This offering document contains “forward-looking information” within the meaning of applicable Canadian securities laws, which is based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this offering document is made only as of the date of this offering document. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning: the Company’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering; the completion of the Offering and the expected Closing Date; the business plans of Pure Therapy (as defined below); the Company’s plans to file for voluntary bankruptcy for each of the Embark Subsidiaries (as defined below); the Company’s plans to renegotiate its short-term debts; the anticipated completion of another tranche of the Note Offering (as defined below), the settlement outstanding debts for equity; and the expectation that the holders of the Notes (as defined below) will convert their Notes into equity. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in such forward-looking statements and forward-looking information, including, without limitation, risks with respect to: the Company’s ability to generate profits; the Company’s ability to manage growth; the adverse effect of competitors on the Company’s operation, strategies and profitability; general market conditions; changes to consumer trends and preferences in the markets in which the Company operates; inability to enter into commercial agreements as anticipated or at all; the impact COVID-19 has on the Company’s ability to raise capital, successfully develop, and commercialize its products; the volatility of the capital markets and commodities prices; dilution as a result of future issuances of equity securities; conflict of interests of the Company’s directors and officers, as applicable; adverse impacts on the Company’s reported results of operations as a result of adopting new accounting standards or interpretations; changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters; environmental risks; litigation risks; volatility in the price of the Common Shares; potential dilution of present and prospective shareholdings; currency risks; financial reporting standards; the Company may not be able to negotiate its short-term debts on favorable terms or at all; the Company’s inability to complete debt settlements as anticipated or at all; the Company’s inability to complete another tranche of the Note Offering as anticipated or at all; all of or some of the holders of the Notes may not convert their Notes into equity; general market conditions; changes to consumer trends and preferences in the markets in which the Company operates; inability to enter into commercial agreements as anticipated or at all; climate change; and other risks described from time to time in our documents filed with Canadian securities regulatory authorities;

This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements or forward-looking information. Forward-looking information includes statements about the future and are inherently uncertain, and the Company’s actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this Company’s continuous disclosure filings available at [www.sedarplus.ca](http://www.sedarplus.ca).

The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as

may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

## SUMMARY DESCRIPTION OF BUSINESS

### What is our business?

BevCanna Enterprises Inc. is a diversified lifestyle and wellness consumer packaged goods company. Its wholly-owned subsidiaries focus on developing, manufacturing and distributing lifestyle and wellness consumer packaged goods for in-house brands and white-label clients via a multichannel sales network.

The Company owns and operates an approximately 40,000 sq. ft. beverage manufacturing plant through its wholly-owned subsidiary, Naturo Group Enterprises Inc. ("**Naturo**"). The Company owns a naturally alkaline spring water aquifer located on site. Naturo also owns approximately 308-acres of prime agricultural land, and 5-acres of industrial zoned land on the same property. Through Naturo, the Company manufactures and markets the TRACE brand of Blackwater and alkaline waters, concentrates and shots to retailers and online across Canada. It also offers custom beverage manufacturing on a private label basis.

The Company, through its wholly-owned subsidiary Naturally Pure Therapy Products Corp. ("**Pure Therapy**"), plans to sell a range of proprietary nutraceutical health products on its e-commerce platform in the United States. Product segments cover life longevity, heart health, sleep health, brain support, beauty, general wellness, and natural slimming. With an extensive catalogue of premium-grade proprietary formulations, all products under the Pure Therapy umbrella are manufactured in GMP-certified facilities and independently tested for purity.

In 2023, the Company ceased its cannabis beverage and solvent-less extract operations, previously conducted by its wholly-owned subsidiaries, BevCanna Operating Corp. and Embark Health Inc. In 2023, the Company filed for voluntary bankruptcy of its wholly-owned and majority-owned subsidiaries BevCanna Operating Corp., and Naturo Springs Ltd. ("**Naturo Springs**") respectively. In addition, the Company intends to file for voluntary bankruptcy for Embark Health Inc., Embark Delta Inc., and Embark Nano Inc. (collectively, the "**Embark Subsidiaries**") by the end of May 2024.

In 2024, the Company intends to focus its business operations on recovering from being cease traded for a period of 15 months which had a material adverse effect on the operations of the Company as it was unable to raise funds to foster growth. After the cease trade order was revoked on November 3, 2023, the primary focus of the Company has been to streamline operations, discontinue non-performing business divisions, stabilize operations at its facility, and eliminate all non-operating debt.

### Recent Developments

Between December 8, 2023, and May 1, 2024, Naturo closed on multiple tranches of its private placement (the "**Note Offering**") financing of secured promissory notes (each, a "**Note**") for gross proceeds of \$1,382,065. Each Note matures 12 months from their respective closing date and bears interest of 15% per annum, which interest was paid on closing and deducted from the gross proceeds of the Notes. The Notes are secured against all of Naturo's present and after-acquired personal property with the exception of Naturo's intellectual property.

On April 1, 2024, the Company settled debt in the aggregate amount of \$1,930,742.55 owed by the Company to certain creditors of the Company in exchange for 1,755,209 Common Shares at a deemed price of \$1.10 per Common Share.

On February 23, 2024, the Company completed a twenty (20) to one (1) share consolidation. In accordance with the rules and policies of the CSE, the Common Shares began trading on a consolidated basis at market open on February

23, 2024 and the record date of the share consolidation was February 26, 2024. As a result of the share consolidation, the number of outstanding Common Shares was reduced from 61,441,210 Common Shares to approximately 3,072,061 Common Shares, subject to adjustments for rounding. This share consolidation was approved by shareholders at the Company's annual general and special meeting on February 6, 2024.

On January 26, 2024, the Company filed for voluntary bankruptcy of its wholly-owned subsidiary BevCanna Operating Corp. which had no assets. This corporate action aligned with the Company's ongoing optimization efforts.

On January 3, 2024, Bruce Dawson-Scully resigned from his position as President of the Company, and on January 4, 2024, William MacDonald resigned as a director of the Company. In connection with these resignations, the Company appointed Marcello Leone to the audit committee in place of William MacDonald. The audit committee then consisted of Howard Blank, John Campbell, and Marcello Leone.

On January 2, 2024, the Company settled debt in the aggregate amount of \$2,909,633.31 owed by the Company to certain creditors of the Company in exchange for 29,096,332 Common Shares at a deemed price of \$0.10 per Common Share (the deemed price of the Common Shares issued pursuant to this debt settlement is not adjusted for the share consolidation completed on February 23, 2024).

On December 21, 2023, the Company completed a ten (10) to one (1) share consolidation. In accordance with the rules and policies of the CSE, the Common Shares began trading on a consolidated basis at market open on December 21, 2023, and the record date of the Share Consolidation was December 22, 2023. As a result of the share consolidation, the number of outstanding Common Shares was reduced from 323,447,753 Common Shares to approximately 32,344,775 Common Shares, subject to adjustments for rounding.

On December 15, 2023, the Company settled debt in the aggregate amount of \$3,057,715.22 owed by the Company to certain creditors of the Company in exchange for 87,363,286 Common Shares at a deemed price of \$0.035 per Common Share (the deemed price of the Common Shares issued pursuant to this debt settlement is not adjusted for the share consolidations completed on December 21, 2023 and February 23, 2024).

On December 4, 2023, the Company completed the voluntary dissolution of its wholly-owned subsidiary, Embark Woodstock Inc., which had no assets before dissolution. This corporate action aligned with the Company's ongoing optimization efforts.

On December 2, 2023, Naturo received a \$200,000 short-term mortgage loan from a third-party. The loan is secured with a second charge on Naturo's land and property at Bridesville. The loan is due in twelve months, bearing an interest of 15% per annum.

On November 20, 2023, Naturo received a \$100,000 short-term mortgage loan from a third-party. The loan is secured with a second charge on Naturo's land and property at Bridesville. The loan is due in twelve months, bearing an interest of 15% per annum.

On November 7, 2023, Naturo received a \$200,000 short-term mortgage loan from a third-party. The loan is secured with a second charge on Naturo's land and property at Bridesville. The loan is due in twelve months, bearing an interest of 15% per annum.

On November 6, 2023, the Company announced that it received a Revocation Order for the Failure-to-File Cease Trade Order (FFCTO) issued by regulatory authorities in British Columbia and Ontario on August 3, 2022. The Common Shares resumed trading on the CSE on November 8, 2023.

On October 3, 2023, the Company's majority-owned subsidiary, Naturo Springs, restructured its operations, including the outsourcing of its plastic bottle blowing manufacturing. As part of this initiative, Naturo Springs entered into a contract with an arms-length third party to sell its specialized plastic bottle blowing equipment for a nominal

amount. Additionally, as Naturo Springs undertook a strategic shift and no longer planned to engage in new production activities, the decision was made to write down the carrying value of the building improvements. This included a write-down of \$337,793 for the bottling production equipment and a write-down of \$1,228,009 for the building improvements. These adjustments reflected Naturo Springs' commitment to streamline its operations and repurpose resources in accordance with its revised business strategy.

On July 11, 2023, Naturo entered into a loan agreement with a private lender for \$600,000, secured by a second mortgage on its property in Bridesville. The loan carries a 13.5% interest rate for the first two months, with an original term of three months, which has subsequently been extended to twelve months.

#### **Material facts**

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

#### **What are the business objectives that we expect to accomplish using the available funds?**

The business objective of the Company is to ensure that, at a minimum, the Company will have raised total net funds of \$490,000 which will be allocated as per below to ensure that the Company maintains 12 months of consistent operations at its facility producing and distributing beverages to existing customer accounts in Canada and Asia and launching its US e-commerce nutraceutical business through Pure Therapy. In order to do so, the Company must achieve the following business objectives on the following timelines at the following expected costs:

<b>Business Objectives</b>	<b>Milestone(s)</b>	<b>Expected Time Period</b>	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
Relaunching TRACE Blackwater and Alkaline Water Production and Distribution in Canada	Commence production at bottling facility (build inventory)	Q2 2024	\$266,500	\$341,500
Expanding TRACE Blackwater and Alkaline Water Distribution in Asia	Commence production of TRACE Blackwater (build inventory)	Q2 2024	\$100,500	\$180,500
Launching Pure Therapy DTC E-commerce Business	Launch e-commerce site to service USA E-commerce market	Q3 2024	\$50,000	\$50,000
	Commence marketing for Pure Therapy in USA	Q3 2024	\$70,000	\$250,000
<b>Total</b>			<b>\$487,000</b>	<b>\$822,000</b>

### USE OF AVAILABLE FUNDS

#### What will our available funds be upon the closing of the Offering?

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this offering	\$500,000	\$885,000
B	Selling commissions and fees	N/A	N/A
C	Estimated offering costs (e.g., legal, accounting, audit)	\$10,000	\$10,000
D	Net proceeds of offering: D = A – (B+C)	\$490,000	\$875,000
E	Working capital deficiency as at most recent month end (April 30, 2024)	(\$9,809,500)	(\$9,809,500)
F	Additional sources of funding:		
	Anticipated tranche of Note Offering <sup>1</sup>	\$400,000	\$400,000
	Anticipated debt settlements <sup>2</sup>	\$1,597,800	\$1,597,800
	Mortgage restructuring to long-term maturity, and convertible debenture repayment <sup>3</sup>	\$4,188,000	\$4,188,000
	Voluntary bankruptcy of non-core subsidiaries <sup>4</sup>	\$2,945,600	\$2,945,600
	Promissory note conversion to equity <sup>5</sup>	\$1,382,100	\$1,382,100
	Total additional sources of funding:	\$10,513,500	\$10,513,500
<b>G</b>	<b>Total available funds: (G = D+E+F)</b>	<b>\$1,194,000</b>	<b>\$1,579,000</b>

Notes:

- (1) The Company anticipates closing an additional tranche of the Note Offering in May 2024, for gross proceeds of \$400,000. The Company has previously raised an aggregate of \$1,382,065 under the Note Offering. See “Recent Developments” for additional information regarding the Note Offering.
- (2) The Company has arms-length and related party debt outstanding, and the Company anticipates that the parties will settle their outstanding debt in exchange for Common Shares in the near future.
- (3) The Company has short-term mortgage and secured convertible debenture obligations, and it is currently engaged in discussions with an arm’s length financial institution with the expectation of replacing the existing short-term mortgages and debenture obligations with a long-term mortgage (3-year term).
- (4) The Company is divesting its cannabis operations and is actively engaged with a trustee for the voluntary bankruptcy of the Embark Subsidiaries. The Company expects to file for bankruptcy for the Embark Subsidiaries by the end of May 2024.
- (5) The Company anticipates that the holders of the Notes will convert their outstanding Notes into Common Shares in the near future.

### How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
General corporate and administrative expenses <sup>1</sup>	\$462,000	\$512,000
Operations <sup>2</sup>	\$487,000	\$822,000
Financing Costs <sup>3</sup>	\$245,000	\$245,000
<b>Total</b>	<b>\$1,194,000</b>	<b>\$1,579,000</b>

#### Notes:

- (1) Assuming a minimum offering, estimated general corporate and administrative expenses are expected to consist of (without limitation): (i) \$60,000 in property insurance cost; (ii) \$120,000 in accounting services and audit fees; (iii) \$60,000 in office and general operating expenses; (iv) \$50,000 in legal fees; (v) \$15,000 in CSE continued listing fees; (vi) \$35,000 in transfer agent and filing fees; and (vii) \$122,000 (\$172,000 on a maximum offering) in senior management and consultant fees.
- (2) Assuming a minimum offering, the Company intends to refocus its business on the following business verticals (see *"What are the business objectives that we expect to accomplish using the available funds?"* for more details):
  - a. Relaunching distribution in Canada – Estimated expenses are expected to consist of: (i) \$180,000 in expenses for full-time employees to operate the facility; (ii) \$60,500 (\$110,500 on a maximum offering) in expenses related to inventory buildup; (v) \$26,000 (\$51,000 on a maximum offering) in expenses related to in product marketing, listing fees and other administrative costs.
  - b. Expanding distribution in Asia – Estimated expenses are expected to consist of: (i) \$50,500 (\$110,500 on a maximum offering) in expenses for part-time employees; and (ii) \$50,000 (\$70,000 on a maximum offering) in expenses related to inventory buildup.
  - c. Launch of Pure Therapy E-commerce business – Estimated expenses are expected to consist of: (i) \$25,000 for software platform development expenses; (ii) \$25,000 in expenses related to product development and inventory; and (iii) \$70,000 (\$250,000 on a maximum offering) in marketing and advertising expenses.
- (3) Consists of anticipated interest payments on \$4,900,000 new mortgage relating to restructuring of short-term debt obligations that the Company anticipates will bear interest at 5% per annum. For additional information, see note (3) in the table above titled *"What will our available funds be upon the closing of the Offering?"*.

The above noted allocation of capital and anticipated timing represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. Although the Company intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan. See the *"Cautionary Statement Regarding Forward-Looking Information"* section above.

The Company has generated negative cash flows from operating activities since inception and anticipates that it will continue to have negative operating cash flow beyond the 12 months after the closing date of the Offering. As a result, certain of the net proceeds from this Offering may be used to fund such negative cash flow from operating activities in future periods.

The most recent audited annual financial statements and interim financial report of the Company included a going concern note. The Company is strategically shifting its focus away from its cannabis operations to concentrate on refining and revitalizing its foundational traditional beverage business and e-commerce nutraceutical business. This move aims to enhance efficiency and drive growth within its core business vertical. The Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. The Offering is intended to permit the Company to continue to achieve its business objectives and is not expected to affect the decision to include a going concern note in the next annual financial statements of the Company.



**How have we used the other funds we have raised in the past 12 months?**

<b>Date of Financing and Funds Raised</b>	<b>Intent of Use of Funds</b>	<b>Actual use of Funds to Date/ Variance between Intended and Actual Use of Funds</b>	<b>Impact of Variances on Business Objectives and milestones (if applicable)</b>
Between December 8, 2023 and May 1, 2024 Natuero closed multiple tranches of the Note Offering for aggregate gross proceeds of \$1,382,065.	Outstanding payables and general working capital purposes.	There has been no variance from the disclosed intended use of funds.	N/A
Between July 11, 2023 and December 6, 2023 Natuero entered into multiple secured loan agreements with private lenders for aggregate gross proceeds of \$1,100,000.	Outstanding payables and general working capital purposes.	There has been no variance from the disclosed intended use of funds.	N/A

**FEEES AND COMMISSIONS**

**Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?**

The Company has not engaged any dealers or finders in connection with the Offering. While the Company does not anticipate paying any finder's fees with respect to the Offering, finder's fees may be payable to eligible arms-length finders or dealers in the event a subscriber in the Offering is introduced through an arm's length finder or dealer who is eligible to receive a fee or commission in accordance with CSE policies and applicable securities laws.

**PURCHASERS' RIGHTS**

**Rights of Action in the Event of a Misrepresentation**

If there is a misrepresentation in this offering document, you have a right

- (a) to rescind your purchase of these securities with the Company, or
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

## ADDITIONAL INFORMATION

### **Where can you find more information about us?**

Security holders can access the Company's continuous disclosure filings on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile.

For further information regarding the Company, visit our website at: [www.bevcanna.com](http://www.bevcanna.com)

In connection with the purchase of Common Shares under the Offering, investors will be required to enter into a purchase agreement that will include terms and conditions that are typical for private placements of Common Shares by reporting issuers similar to the Company.

***Investors should read this offering document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of Common Shares.***

## CERTIFICATE OF THE COMPANY

**This offering document, together with any document filed under Canadian securities legislation on or after May 3, 2023, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

**May 3, 2024**

By: "Marcello Leone"  
Name: Marcello Leone  
Title: Chief Executive Officer, Chairman and Director

By: "John Campbell"  
Name: John Campbell  
Title: Chief Financial Officer, Chief Strategy Officer and Director