

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*These securities have not been, and will not be, 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 and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account of benefit of, U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in any jurisdiction in which the offering or sale is not permitted. See "Plan of Distribution".*

## PROSPECTUS

**Initial Public Offering**

February 26, 2021

# Rritual™ superfoods

**RRITUAL SUPERFOODS INC.**

**\$5,217,391.50**

**17,391,305 Offered Units**

**3,183,083 Convertible Note Units issuable upon Deemed Conversion of Convertible Notes**

This prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 17,391,305 units (the "**Offered Units**") of Rritual Superfoods Inc. ("**Rritual**", the "**Company**", "**we**", "**us**" and "**our**") at a price of \$0.30 per Offered Unit (the "**Offering Price**") Each Offered Unit will be comprised of one common share of the Company (each, a "**Common Share**" and each Common Share comprising part of an Offered Unit, a "**Unit Share**") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "**Unit Warrant**"). Each Unit Warrant will entitle the holder thereof to purchase one additional Common Share (a "**Unit Warrant Share**") at a price of \$0.60 (the "**Exercise Price**") for a period of 36 months following the closing of the Offering (the "**Closing Date**"). The Unit Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be entered into on or before the Closing Date between the Company and Odyssey Trust Company (the "**Warrant Agent**"). The Unit Warrants will be subject to adjustment in accordance with the Warrant Indenture. See "Description of the Securities Being Distributed". In the event that the Common Shares trade on the Canadian Securities Exchange at a price of \$1.20 or greater per Common Share for a period of 10 consecutive trading days following the Closing Date, the Company may accelerate the expiry of the Unit Warrants by giving notice to the holders thereof, by disseminating a news release advising of the acceleration of the expiry date of the Unit Warrants (the "**Acceleration**") and, in such case, the Unit Warrants shall expire on the 31<sup>st</sup> day after the date of such notice. This Prospectus also qualifies the distribution of the Unit Warrant Shares issuable upon exercise of the Unit Warrants.

The Offering is being underwritten by Clarus Securities Inc. and Canaccord Genuity Corp. (together, the "**Co-Lead Underwriters**" and each a "**Co-Lead Underwriter**"), who will offer the Offered Units pursuant to an underwriting agreement among the Company and the Co-Lead Underwriters dated February 26, 2021 (the "**Underwriting Agreement**").

Price: \$0.30 per Offered Unit			
	Offering Price <sup>(1)(2)</sup>	Underwriters' Commission <sup>(3)</sup>	Proceeds, before expenses, to us <sup>(4)</sup>
Per Offered Unit	\$0.30	\$0.021	\$0.279
<b>Total</b>	<b>\$5,217,391.50</b>	<b>\$365,217.405</b>	<b>\$4,852,174.095</b>

**Notes:**

- (1) The Offering Price was determined by negotiation between us and the Co-Lead Underwriters.
- (2) We have granted to the Co-Lead Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable at any time within 30 days after the Closing Date, to purchase up to 15% of the number of Offered Units sold in the Offering, being up to an additional 2,608,695 Offered Units (the “**Over-Allotment Units**”), at the Offering Price listed above, less Underwriters’ commissions. The Co-Lead Underwriters may exercise the Over-Allotment Option for the purpose of covering over-allotments, if any, made in connection with this Offering, and for market stabilization purposes. If this Over-Allotment Option is exercised in full, the total “Offering Price”, “Underwriters’ Commission”, and “Proceeds, before expenses, to us”, will be \$6,000,000, \$420,000 and \$5,580,000, respectively. This Prospectus also qualifies the grant of the Over-Allotment Option, the distribution of the Over-Allotment Units issuable on the exercise of the Over-Allotment Option, and the Common Shares issuable on exercise of the Unit Warrants included in the Over-Allotment Units (the “**Over-Allotment Unit Warrant Shares**”). A purchaser who acquires the Offered Units forming part of the underwriters’ over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.
- (3) The Co-Lead Underwriters shall receive a cash commission equal to 7% of the aggregate gross proceeds of this Offering, including any proceeds from the Over-Allotment Option (the “**Underwriters’ Commission**”). The Co-Lead Underwriters will also be granted that number of non-transferable purchase warrants (the “**Underwriters’ Warrants**”) equal to 7% of the aggregate number of Offered Units sold under this Offering, including the Over-Allotment Option, with each Underwriter Warrant being exercisable to purchase one Offered Unit (each, an “**Underwriters’ Warrant Unit**”) at the Offering Price of \$0.30 for a period of 36 months from the Closing Date. This Prospectus qualifies the Underwriters’ Warrants, the Underwriters’ Warrant Units and the Common Shares issuable upon exercise of the Unit Warrants included in the Underwriters’ Warrant Units (the “**Underwriters’ Warrant Unit Shares**”). In addition, the Company has agreed to reimburse the Co-Lead Underwriters for all reasonable expenses and fees incurred in connection with this Offering and the Listing (as defined herein), which fees are to be deducted from the gross proceeds otherwise payable to the Company on the Closing Date. In addition, the Company has agreed to pay the Co-Lead Underwriters a non-refundable corporate finance fee (the “**Corporate Finance Fee**”) in such number of Offered Units which is equal to 5% of the aggregate number of Offered Units sold pursuant to the Offering, including the Over-Allotment Option (the “**Corporate Finance Fee Securities**”). The Corporate Finance Fee Securities will not be qualified by this Prospectus and will be issued pursuant to an exemption from the prospectus requirement and subject to a hold period of four months and one day.
- (4) The estimated Offering expenses payable by us, exclusive of the Underwriters’ Commission, are approximately \$300,000.

Underwriters’ position	Maximum Number of Offered Units Available	Exercise Period	Exercise Price
Over-Allotment Option to purchase additional Offered Units	2,608,695	Within 30 days after the Closing Date.	\$0.30
Underwriters’ Warrants	1,400,000 <sup>(1)(2)</sup>	36 months from the Closing Date	\$0.30
Corporate Finance Fee Securities	1,000,000 <sup>(1)(3)</sup>	36 months from the Closing Date	\$0.60

**Notes:**

- (1) Assuming the Over-Allotment Option is exercised in full.
- (2) This Prospectus qualifies the Underwriters’ Warrants.
- (3) This Prospectus does not qualify the Corporate Finance Fee Securities.

The Co-Lead Underwriters, as principals, conditionally offer the Offered Units, subject to prior sale, if, as and when issued by us and accepted by the Co-Lead Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under the section entitled “Plan of Distribution” in this Prospectus, and

subject to the approval of certain legal matters for the Company by Clark Wilson LLP, and for the Co-Lead Underwriters by Borden Ladner Gervais LLP. See “Plan of Distribution”.

Subscriptions for the Offered Units will be received subject to rejection or allotment in whole or in part by the Company and the right is reserved by the Company to close the subscription books at any time without notice. It is expected that the closing of the Offering (the “**Closing**”) will occur on or about March 3, 2021. The Offered Units are to be taken up by the Co-Lead Underwriters, if at all, on or before a date not later than 42 days after the receipt for this prospectus.

The Unit Shares and the Unit Warrants will separate immediately upon closing of the Offering (including the additional Unit Shares and the additional Unit Warrants issued upon exercise of the Over-Allotment Option, if applicable). Except in certain limited circumstances, no certificates representing Unit Shares or the Unit Warrants will be issued to purchasers of the Offered Units. Instead, the purchasers of Offered Units will have their Unit Shares and Unit Warrants registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and electronically deposited through the non-certificated inventory system of CDS. Purchasers of the Unit Shares and Unit Warrants will receive only a customer confirmation from the applicable Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Units is acquired. See “Plan of Distribution”.

**There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.**

**An investment in the Offered Units involves a high degree of risk and should be considered highly speculative due to the nature of the Company’s business, its present stage of development and other risk factors. Investors should not invest any funds in this Offering unless they can afford to lose their entire investment. See “Risk Factors”.**

The Prospectus also qualifies the distribution of 3,183,083 convertible note units (each, a “**Convertible Note Unit**”), consisting of 3,183,083 Common Shares (each, a “**Convertible Note Unit Share**”) and 1,591,528 non-transferable Common Share purchase warrants (each, a “**Convertible Note Unit Warrant**”), issuable for no additional consideration upon the automatic deemed conversion (the “**Conversion**”) of unsecured convertible promissory notes of the Company, as amended on November 25, 2020 (the “**Convertible Notes**”) in the aggregate principal amount of \$950,402 (the “**Principal Amounts**”). The Convertible Notes, which are each represented by a certificate, were issued on September 30, 2020 (the “**Notes Issuance Date**”), as amended, in a non-brokered private placement to purchasers in the provinces of British Columbia, Alberta and Ontario in Canada, the state of Florida in the United States, and the countries of Scotland, Costa Rica and Germany. Upon conversion, each Convertible Note Unit will be comprised of one Convertible Note Unit Share and one-half of one Convertible Note Unit Warrant. Each whole Convertible Note Unit Warrant entitles the holder thereof to purchase one additional Common Share (each, a “**Convertible Note Unit Warrant Share**”) at the Exercise Price for a period of 24 months from the date of issuance. The Principal Amounts owing under the Convertible Notes, and any accrued Interest (as defined herein), will mature on March 30, 2021 (the “**Maturity Date**”), being the date which is 6 months from the Notes Issuance Date. The Principal Amounts will accrue interest at a rate of 6% per annum, computed on the basis of the actual number of days elapsed in a year of 365 days from the Notes Issuance Date (the “**Interest**”), with Interest commencing on the date which is 120 days from the Notes Issuance Date (the “**Interest Trigger**”) and continuing until the earlier of: (a) the Maturity Date, and (b) the date of any conversion of the Principal Amount, plus applicable Interest. The Principal Amount and any Interest owing under the Convertible Notes shall be, and shall be deemed to be, automatically and without any further action required by the holder and without the payment of any additional consideration, converted into Convertible Note Units, at a deemed price of the Offering Price of \$0.30 per Convertible Note Unit, on the earlier of: (i) the Company receiving a receipt for its final Prospectus in this Offering from the securities regulatory authorities in each of the jurisdictions in which the Company files the Prospectus; or (ii) the Maturity Date. The Company will not receive any additional proceeds upon the automatic conversion of the Convertible Notes. No commission or fee was paid by the Company with

respect to the issue of the Convertible Notes and no commission or fee will be payable by the Company in connection with the issuance of the Convertible Note Units. This Prospectus also qualifies the distribution of the Convertible Note Unit Warrant Shares issuable upon exercise of the Convertible Note Unit Warrants.

**The Convertible Notes and the Convertible Note Units are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of any securities upon the automatic conversion of any Convertible Notes (other than the exercise price payable upon exercise of the Convertible Note Unit Warrants).**

The Canadian Securities Exchange (the “CSE”) has conditionally approved the listing of the Common Shares and Unit Warrants (the “Listing”). The Listing will be subject to the Company fulfilling all of the initial listing requirements and conditions of the CSE. See “Plan of Distribution”.

As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Certain of our current directors and officers reside outside of Canada. The person named below has appointed Rritual as agent for service of process.

Name	Name and Address of Agent
David Kerbel	Rritual Superfoods Inc. 151 West Hastings Street, Vancouver, British Columbia, V6B 1H4

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Our head office is located at 151 West Hastings Street, Vancouver, British Columbia, V6B 1H4. Our registered address is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

**Employees of Canaccord Genuity Corp. hold, in the aggregate, 9,700,000 shares of the Company representing approximately 27.3% of the current issued and outstanding Common Shares and, pursuant to National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”), may be considered to constitute a “professional group” under NI 33-105. Consequently, the Company may be considered to be a “related issuer” of Canaccord Genuity Corp. for the purposes of NI 33-105 and other applicable securities legislation. See “Relationship between the Company and Underwriters”.**

**UNDERWRITERS:**

**CLARUS SECURITIES INC.**

Exchange Tower, 130 King St. W. Suite 3640  
Toronto, ON M5X 1A9

Telephone: 416-343-2777

**CANACCORD GENUITY CORP.**

Suite 2200, 609 Granville Street  
Vancouver, BC V7Y 1H2

Telephone: (604) 643-7300

## TABLE OF CONTENTS

GLOSSARY OF DEFINED TERMS.....	1
ABOUT THIS PROSPECTUS .....	5
CURRENCY .....	5
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION .....	6
PROSPECTUS SUMMARY .....	8
CORPORATE STRUCTURE .....	12
BUSINESS OF THE COMPANY .....	13
USE OF PROCEEDS .....	28
DIVIDENDS .....	32
SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS .....	33
DESCRIPTION OF THE SECURITIES DISTRIBUTED .....	43
CONSOLIDATED CAPITALIZATION .....	44
OPTIONS TO PURCHASE SECURITIES .....	45
PRIOR SALES.....	54
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER.....	56
PRINCIPAL SECURITYHOLDERS.....	59
DIRECTORS AND EXECUTIVE OFFICERS.....	60
EXECUTIVE COMPENSATION .....	64
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	69
AUDIT COMMITTEES AND CORPORATE GOVERNANCE .....	70
CORPORATE GOVERNANCE .....	72
PLAN OF DISTRIBUTION .....	73
RISK FACTORS .....	77
PROMOTERS .....	89
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	89
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	89
RELATIONSHIP BETWEEN COMPANY AND UNDERWRITERS .....	89
AUDITORS, TRANSFER AGENT AND REGISTRAR .....	90
MATERIAL CONTRACTS.....	90
EXPERTS .....	90
ELIGIBILITY FOR INVESTMENT .....	91
RIGHTS OF WITHDRAWAL AND RESCISSION.....	91
FINANCIAL STATEMENTS .....	92
CERTIFICATE OF THE COMPANY .....	96
CERTIFICATE OF PROMOTER.....	96
CERTIFICATE OF THE UNDERWRITERS .....	97

## GLOSSARY OF DEFINED TERMS

The following definitions and terms apply throughout this document unless the context otherwise requires. Expressions used in this Prospectus and other terms and expressions may be defined throughout this Prospectus.

<b>“Acceleration”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“adaptogens”</b>	refer to substances commonly found in plants and fungi that produce resistance to stress in both animals and humans.
<b>“Articles”</b>	means the articles of the Company.
<b>“Assets”</b>	means the proprietary mushroom and nutraceutical formulations of beverage shots and powders used in the business of the Company.
<b>“Asset Purchase Agreement”</b>	means the agreement dated July 20, 2020, between the Company and the Vendors pursuant to which the Company agreed to purchase and the Vendors agreed to sell the Assets to the Company.
<b>“Audit Committee”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Audit Committee and Corporate Governance – Audit Committee”.
<b>“Audit Committee Charter”</b>	means the charter adopted on November 25, 2020 by the Board delineating the Audit Committee’s responsibilities, a copy of which is appended to this Prospectus as Schedule B.
<b>“CDS”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“cGMP”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Business of the Company – Regulatory Environment – United States”.
<b>“Closing”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Closing Date”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Co-Lead Underwriters”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Common Shares”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Company” or “Ritual”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Conversion”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Convertible Note Unit Share”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Convertible Note Unit Warrant”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Convertible Notes”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Corporate Finance Fee”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Corporate Finance Fee Securities”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.

<b>“CSE”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Development Agreement”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Business of the Company – History of the Business.”
<b>“Directors” or “Board” or “Board of Directors”</b>	the board of directors of the Company.
<b>“DSHEA”</b>	means the United States <i>Dietary Supplement Health and Education Act of 1994</i> .
<b>“DSUs”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Executive Compensation – Compensation Discussion and Analysis”.
<b>“Escrow Agent”</b>	means Odyssey Trust Company.
<b>“Escrow Agreement”</b>	means the escrow agreement dated February 26, 2021, among the Company, Odyssey Trust Company, and the holders of the Escrowed Securities.
<b>“Exercise Price”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“FDA</b>	means the United States Food and Drug Administration.
<b>“FFDCA”</b>	means the United States <i>Federal Food, Drug and Cosmetic Act</i> .
<b>“FTC”</b>	means the United States Federal Trade Commission.
<b>“functional mushrooms”</b>	refers to mushroom varieties that have potential health benefits beyond providing nutrition.
<b>“IFRS”</b>	means the International Financial Reporting Standards.
<b>“Interest”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Interest Trigger”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Listing”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Long Term Incentive Plan”</b>	means the omnibus equity incentive plan adopted by the Directors on June 23, 2020.
<b>“Manufacturing Partner”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Description of Business – History of the Business”.
<b>“Maturity Date”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Named Executive Officer” or “NEO”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Executive Compensation”.
<b>“New Articles”</b>	means the current articles of the Company which were adopted by the shareholders on November 2, 2020 as set out in the section of this Prospectus entitled “Corporate Structure – Name, address and incorporation”.
<b>“NHPR”</b>	means the <i>Natural Health Products Regulations</i> .



<b>“NI 41-101”</b>	means National Instrument 41-101 – <i>General Prospectus Requirements</i>
<b>“NI 52-110”</b>	means National Instrument 52-110 – <i>Audit Committees</i> .
<b>“NLEA”</b>	means the United States <i>Nutrition, Labeling and Education Act</i> .
<b>“Non-Principal Escrow Holders”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Escrowed Securities”.
<b>“Notes Issuance Date”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“NPN”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Business of the Company – Regulatory Environment – Canada”.
<b>“NP 46-201”</b>	means National Policy 46-201 – <i>Escrow for Initial Public Offerings</i> .
<b>“Offered Units”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Offering”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Offering Jurisdictions”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Offering Price”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Options”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Selected Financial Information and Management’s Discussion and Analysis – Critical Accounting Estimates, Assumptions, and Judgements.”
<b>“Over-Allotment Option”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Over-Allotment Units”</b>	means the number of over-allotment units to 15% of the number of Offered Units sold pursuant to the exercise of the Over-Allotment Option, each of which contains one Over-Allotment Unit Share and one-half of one Over-Allotment Warrant.
<b>“Pilot Agreement”</b>	means the agreement dated August 20, 2020, between the Company and the Manufacturing Partner.
<b>“Principal Amounts”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Principal Escrow Holders”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Escrowed Securities”.
<b>“PSUs”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Executive Compensation – Compensation Discussion and Analysis”.
<b>“Quality Agreement”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Business of the Company – History of the Business.”
<b>“RSUs”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Executive Compensation – Compensation Discussion and Analysis”.
<b>“SEDAR”</b>	means the System for Electronic Document Analysis and Retrieval.

<b>“Supply Agreement”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Business of the Company – History of the Business.”
<b>“Table 1 Articles”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Corporate Structure – Name, address and incorporation”.
<b>“Transfer Agent”</b>	means Odyssey Trust Company, the registrar and transfer agent of the Company.
<b>“Transfer Agent Agreement”</b>	Means the registrar and transfer agent agreement dated October 7, 2020 between the Company and the Transfer Agent.
<b>“Underwriting Agreement”</b>	the underwriting agreement dated February 26, 2021 between the Company and the Co-Lead Underwriters, setting forth the terms and conditions of the Offering.
<b>“Underwriters’ Commission”</b>	the cash commission equal to 7% of the total gross proceeds of the Offering payable to the Co-Lead Underwriters on Closing of the Offering.
<b>“Underwriters’ Option” or “Over-Allotment Option”</b>	an over-allotment option granted to the Co-Lead Underwriters for up to 15% additional Offered Units under the Offering.
<b>“Underwriters’ Warrants”</b>	the non-transferable warrants to be granted to the Co-Lead Underwriters to purchase up to that number of Offered Units equal to 7% of the aggregate number of Offered Units sold under the Offering, each Underwriter Warrant exercisable to purchase one Common Share at a price of \$0.30 per Common Share, exercisable at any time up to the close of business 36 months from the Closing Date.
<b>“Unit Share”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Unit Warrant”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Unit Warrant Share”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Vendors”</b>	means Stacey Gillespie, Amandeep Gill and Gurinder Sandhu.
<b>“Voluntary Escrow Agreement”</b>	means the voluntary escrow agreement dated February 26, 2021, among the Company, Odyssey Trust Company, and the holders of the Voluntary Escrowed Securities.
<b>“Warrant Agent”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Warrant Indenture”</b>	has the meaning ascribed to such term on the cover page of this Prospectus.
<b>“Warrants”</b>	has the meaning ascribed to such term in the section of this Prospectus entitled “Selected Financial Information and Management’s Discussion and Analysis – Critical Accounting Estimates, Assumptions, and Judgements.”

## ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. The Company has not, and the Co-Lead Underwriters have not, authorized anyone to provide investors with additional, different or inconsistent information. If anyone provides investors with additional, different or inconsistent information, including information or statements in media articles about the Company, investors should not rely on it.

The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus or any sale of the Offered Units. The Company's business, financial condition, operating results and prospects may have changed since the date of this Prospectus. The Company and the Co-Lead Underwriters are not offering to sell the Offered Units in any jurisdiction where the offer or sale of such securities is not permitted. For investors outside the provinces of Canada, neither the Company nor any of the Co-Lead Underwriters has done anything that would permit the Offering or possession or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this Prospectus.

The information contained on the Company's corporate website is not intended to be included in or incorporated by reference into this Prospectus and investors should not rely on such information when deciding whether to invest in the Offered Units.

This Prospectus includes summary descriptions of certain material agreements of the Company (see "**Material Contracts**"). The summary descriptions disclose provisions that the Company considers material, but are not complete and are qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Investors are encouraged to read the full text of such material agreements.

## CURRENCY

All dollar amounts in this Prospectus are in Canadian dollars unless otherwise indicated, and all references to \$ in this Prospectus are to Canadian dollars unless otherwise indicated.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains “forward-looking statements”. These statements, identified by words such as “plan,” “anticipate,” “believe,” “estimate,” “should,” “expect” and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; dependence on consumer taste; reliance on third party suppliers and third party distributors; limited operating history of the Company; market fluctuations; potential product liability claims and retention of key personnel, as well as those factors discussed in the section titled “Risk Factors.”

Forward looking statements are based on a number of material factors and assumptions, including that consumer buying patterns will increase in specialty and grocery stores, that economic conditions in the United States and Canada will continue to show modest improvement in the near to medium future, that the average cost of mushroom powder will fluctuate in line with historical trends, that there will be no material change to the competitive environment in the distribution of mushroom-based food additives and supplements, that the Company will be able to access sufficient qualified staff, that the Company will be able to develop distribution channels and a customer base, that there will be no material changes with the Company’s larger customers and that there will be no material changes to the tax and other regulatory requirements governing the Company. While the Company considers these assumptions reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled “Risk Factors.”

Further, the aforementioned assumptions may be affected by the negative disruptive effect of the COVID-19 pandemic, which has resulted in a widespread health crisis that has already affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment, all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk. The continuing and additional business interruptions, expenses and delays relating to COVID-19, could have a material adverse impact on the Company’s proposed operations, financial condition and the market for its securities; however, as at the date of this Prospectus, such cannot be reasonably estimated.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The Company’s actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward- looking statements.

Important risk factors that could cause the Company’s actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: speculative nature of investment risk; history of operating loss; limited operating history; negative operating cash flow; going-concern risk; changes in public tastes, availability of raw materials, consumer perceptions and preferences, brand awareness and dependency on third party suppliers, distributors and retailers; dependency on key personnel; product liability and recall; intellectual property risks; research and development; product obsolescence; anticipated growth may not materialize; dilution; unissued share capital; liquidity and future financing risk; market risk for securities; and increased costs of being a publicly traded company. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to, risks and uncertainties disclosed in this Prospectus. See “Risk Factors”.

These forward-looking statements are made as of the date of this Prospectus and are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are

otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada. Investors are cautioned against placing undue reliance on forward-looking statements.

## PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

**The Company** Rritual Superfoods Inc. was incorporated under the *Business Corporations Act* (British Columbia) on May 6, 2019. See “Corporate Structure”.

**Principal Business of the Company** To date, the Company has been engaged in the formulation of functional mushroom consumer products that promote holistic health and wellness. See “Business of the Company”.

**Offering** The Company is offering 17,391,305 Offered Units at the Offering Price of \$0.30 per Offered Unit for gross proceeds of \$5,217,391.50. See “Plan of Distribution”.

**Over-Allotment Option** Under the terms of the Underwriting Agreement, the Company has granted the Co-Lead Underwriters an over-allotment option to purchase up to 15% additional Over-Allotment Units under the Offering which may be exercised within 30 days of the Closing Date. See “Plan of Distribution”.

**Underwriters’ Commission and Corporate Finance Fee Securities** Under the terms of the Underwriting Agreement, in addition to the Underwriters’ Warrants, the Company will pay the Co-Lead Underwriters the Underwriters’ Commission and issue to the Co-Lead Underwriters the Corporate Finance Fee Securities, as well as pay for all reasonable expenses of the Co-Lead Underwriters in connection with the Offering. See “Plan of Distribution”.

**Underwriters’ Warrants** Under the terms of the Underwriting Agreement, in addition to the Underwriters’ Commission, the Company will issue to the Co-Lead Underwriters such number of Underwriters’ Warrants that is equal to 7% of the aggregate number of Offered Units sold under the Offering, which Underwriters’ Warrants exercisable at a price of \$0.30 per Common Share, exercisable at any time up to the close of business 36 months from the Closing Date. See “Plan of Distribution”.

**Use of Proceeds** The net proceeds to the Company from the Offering, assuming no exercise of the Over-Allotment Option, will be \$4,552,174.095 after deducting the portion of the Underwriters’ Commission in cash and the expenses of the Offering and the Listing (estimated to be \$365,217.405 and \$300,000, respectively). The net proceeds of the Offering will be added to the Company’s estimated working capital as at January 31, 2021 of \$904,700 (including the net proceeds from the private placement of Convertible Notes) which will result in approximately \$5,456,874.095 in available funds to the Company.

As at January 31, 2021, we had an estimated working capital of \$904,700 (unaudited) that, combined with the net proceeds of the Offering of \$4,552,174.095, provides us with total available funds of \$5,456,874.095.

Source of Funds	Amount (\$)
Estimated Net Proceeds of Offering	\$4,552,174.095
Working capital as at January 31, 2021	\$904,700

<b>Available Funds:</b>	<b>\$5,456,874.095</b>
-------------------------	------------------------

The Company anticipates using the available funds for the following principal purposes:

<b>Use of Funds</b>	<b>Offering Proceeds</b>
Estimated general and administrative expenses for 12 months following completion of the Offering and the Conversion	\$1,564,680
Estimated development costs for 12 months following completion of the Offering and the Conversion (see "Business Objectives and Milestones")	\$3,794,000
Unallocated working capital	\$98,194.095
<b>Available Funds:</b>	<b>\$5,456,874.095</b>

If the Over-Allotment Option is exercised and in full, the net proceeds of the Offering, after payment of the Underwriters' Commission in cash and deducting the estimated expenses of the Offering, are estimated to be \$5,280,000. If the Over-Allotment Option is exercised, the Company intends to use the additional net proceeds to supplement our unallocated working capital. See "Use of Proceeds".

#### **Other Securities**

This Prospectus is also being used to qualify the distribution of 3,183,083 Convertible Note Units issuable for no additional consideration upon Conversion at a deemed price of the Offering Price. The Company will not receive any additional proceeds upon the Conversion. No commission or fee was paid by the Company with respect to the issue of the Convertible Notes and no commission or fee will be payable by the Company in connection with the issuance of the Convertible Note Units. See "Description of the Securities Distributed".

#### **Risk Factors**

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Company, including risks related to:

- the Company has not been profitable to date and there is no assurance that it will be profitable in the future, or that profitability, if achieved, will be sustained;
- the Company may require additional financing in order to continue the development and growth of its business;
- the limited operating history of the Company and its negative operating cash flow;
- the Company may be subject to growth-related risks including pressure on its internal systems;
- the profitability of the Company depends to a significant extent upon a number of factors relating to market acceptance of its products;
- the Company's ability to meet demand is dependent on its ability to acquire a sufficient amount of mushroom powders;
- the Company has a limited number of products and its business may be adversely affected if the functional mushroom market declines;
- potential negative consumer perception and market acceptance of the use of

functional mushrooms;

- the Company’s success will depend, in part, upon its ability to develop, introduce and market new innovative products, and the Company cannot ensure its ability to do so;
- the Company’s dependency on third parties to package its products;
- the Company’s reliance on third party manufacturers and marketers;
- the Company not having adequate product liability insurance coverage;
- the potential for product recalls of the Company’s products;
- government regulation of the Company’s products;
- the Company faces significant competition from larger businesses;
- product liability claims against the Company may harm its business; and
- the Common Shares of the Company are speculative and may experience high volatility on the Exchange.

See “Risk Factors”.

The following table sets out selected financial information with respect to the Company’s audited financial statements for the period from incorporation on May 6, 2019 to June 30, 2020 and for the six month period ended December 31, 2020. The following should be read in conjunction with such financial statements. See “Selected Financial Information and Management’s Discussion and Analysis” and “Financial Statements” as included elsewhere in this Prospectus.

Item	Period from incorporation on May 6, 2019 to June 30, 2019 (Audited)	Year Ended June 30, 2020 (Audited)	Six month period ended December 31, 2020 (Unaudited)
Total revenues	\$Nil	\$Nil	\$Nil
Net loss and comprehensive loss	\$Nil	\$161,316	\$1,452,015
Basic and diluted loss per share	\$Nil	\$0.33	\$0.05
Total assets	\$2	\$321,270	\$1,192,103
Total liabilities	\$Nil	\$72,958	\$208,483
<b>Summary of Operations</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>December 31, 2020</b>
Total expenses	\$Nil	\$161,316	\$1,452,015
Net loss for the period	\$Nil	\$163,316	\$1,452,015



<b>Item</b>	<b>Period from incorporation on May 6, 2019 to June 30, 2019 (Audited)</b>	<b>Year Ended June 30, 2020 (Audited)</b>	<b>Six month period ended December 31, 2020 (Unaudited)</b>
<b>Basic and diluted loss per share</b>	<b>\$Nil</b>	<b>\$0.33</b>	<b>\$0.05</b>
<b>Balance Sheet Summary</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>December 31, 2020</b>
<b>Current assets</b>	<b>\$2</b>	<b>\$321,270</b>	<b>\$1,158,153</b>
<b>Total assets</b>	<b>\$2</b>	<b>\$321,270</b>	<b>\$1,192,103</b>
<b>Total liabilities</b>	<b>\$Nil</b>	<b>\$72,958</b>	<b>\$208,483</b>
<b>Working Capital</b>	<b>\$2</b>	<b>\$248,312</b>	<b>\$949,670</b>

## CORPORATE STRUCTURE

### **Name, address and incorporation**

The Company was incorporated under the *Business Corporations Act* (British Columbia) (“**BCBCA**”) on May 6, 2019 under the name “1207645 B.C. Ltd.”. On April 3, 2020, the Company changed its name to “Rritual Mushrooms Inc.” On November 2, 2020, the Company’s previous articles (the “**Table 1 Articles**”) were replaced in their entirety with the new articles (the “**New Articles**”). The main substantive differences between the Table 1 Articles and the New Articles are as follows:

1. under Table 1 Articles, a company may alter its articles by the type of resolution specified by the BCBCA, in the manner specified by the company's articles, or if neither of the BCBCA and articles specify the type of resolution, by special resolution. The New Articles specify that such alteration may be approved by resolution of the directors;
2. the Table 1 Articles do not specify the number of days before the meeting the notice of date, time and location of a meeting must be sent, and thus a period of 21 days is required. The New Articles specify that the Company must send notice of the date, time and location of any meeting of shareholders, at least 10 days before the meeting, so long as the company is a private company. If the company to which the period relates is a public company, a period of at least 21 days is required;
3. Table 1 Articles set the quorum for the transaction of business at a meeting of the shareholders as two persons who are, or who represent by proxy shareholders who in the aggregate, hold at least 1/20 of the issued shares entitled to be voted at the meeting. The New Articles reduce this number by setting the quorum for the transaction of business at a meeting of shareholders as one or more shareholders, present in person or by proxy; and
4. the New Articles further add that a shareholder or proxy holder who is entitled to participate in a meeting of shareholders may do so in person, or by telephone or other communications medium, if all shareholders and proxy holders participating in the meeting are able to communicate with each other.

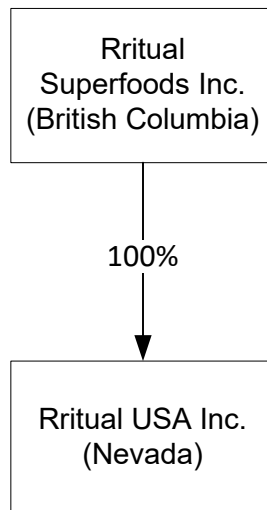
On November 5, 2020, the Company changed its name to “Rritual Superfoods Inc.”.

The Company’s head office is located at 151 West Hastings Street, Vancouver, British Columbia, V6B 1H4 and its registered office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

### **Intercorporate relationships**

The Company has one wholly owned subsidiary, Rritual USA Inc., which was incorporated in the State of Nevada on June 26, 2020. Rritual USA Inc. was incorporated for the purpose of carrying out the Company’s operations in the United States.

The following depicts the intercorporate relationships of the Company:



## BUSINESS OF THE COMPANY

### Description of Business

Rritual was formed to serve the emerging and rapidly growing functional mushroom market and to promote holistic health and wellness. The Company specializes in the formulation and distribution of plant-based products in small batches featuring functional mushrooms and adaptogen ingredients.

Our internal product development team creates formulations of mindfully selected functional mushrooms and adaptogenic herbs. Rritual uses contract manufacturing to produce premium plant-based elixir powders in multiple formats with targeted therapeutic benefits. Our products will then be sold to consumers through a multichannel approach that includes e-commerce and retail channels in North America. Using customer analytics, feedback, and reviews, adjacent market opportunities will be identified and turned into new products and the cycle repeats.

Adaptogens are substances that produce resistance to stress in both animals and humans and are commonly found in plants and fungi. Scientifically, adaptogens were first documented in the 1950s and since then much work has gone into studying the effects on humans with respect to stress reduction, resistance to mental fatigue and improved attention capabilities. Consumer research shows that consumers are looking for alternatives to help strengthen and boost immune systems and they are turning to functional foods and holistic health solutions to support those goals. In recent years, the concept of adaptogens has witnessed significant growth and awareness by health and wellness consumers.<sup>1</sup>

The Company is working towards a soft launch of three initial mushroom adaptogen formulations, including chaga, reishi, and lion's mane in the United States in the first quarter of 2021. Distribution and storage of the products as natural dietary supplements in the United States must be in compliance with applicable food and drug laws. See "Regulatory Environment - United States". The Company intends to launch product sales in Canada, including any distribution and storage of products in Canada, only after it obtains the required government approval, natural health product licences and site licences. See "Regulatory Environment - Canada." The powder elixir products can be mixed with coffee or hot water to create a tea, or added to a favourite beverage like a smoothie. The market for health and wellness drinks was valued at \$41.0 billion in 2015<sup>2</sup>. The Company plans to use a portion of the proceeds of the Offering as well as cash flow generated from operations to research and develop new powder and beverage formulations. An integral part of the business's long-term vision is to develop and commercialize new products as new product categories emerge in the health and wellness industry.

<sup>1</sup> A. Panossian and G. Wikman, "Effects of adaptogens on the central nervous system and the molecular mechanisms associated with their stress—protective activity," *Pharmaceuticals*, vol. 3, no. 1, pp. 188–224, 2010.

<sup>2</sup> Euromonitor International, "Mushroom Drinks Increasingly Trendy," 2016. [Online]. Available: <https://blog.euromonitor.com/mushroom-drinks-increasingly-trendy/>.

The Company's business structure is a lean start-up model that intends to reduce capital costs by utilizing contract manufacturing and third-party logistics companies to fulfil e-commerce and wholesale market channels. We expect our sales to begin with an e-commerce launch in the United States and subsequently Canada, followed by wholesaling to brick and mortar retailers in the United States and Canada.

The Company plans on implementing an omni-channel marketing strategy which will include: (i) the use of "influencers" to endorse and advertise the brand through their personal media channels in exchange for promotional product or contractual wages; (ii) experiential advertising in the form of product tastings at retail stores, brand related festivals, health and wellness events, and in partner with brand related service providers including yoga studios, coffee shops, and smoothie bars; (iii) the use of a third-party search engine-optimization consultants to raise search rankings to increase e-commerce traffic to the Company's website; (iv) the hosting of three social media platforms (YouTube, Instagram, Pinterest) to communicate directly to potential and existing customers; and (v) the sale of Rritual branded accessories including utensils for the preparation or consumption of Rritual products, clothing, and yoga mats.

To date, the Company has focused on the development of three mushroom adaptogen powdered elixir featuring reishi, chaga, and lion's mane. See "Business of the Company - Principal Products".

### **History of the Business**

Since incorporation on May 6, 2019, the Company's activities have focused on: (i) the development of its online sales platform; (ii) the establishment of supply chain infrastructure; (iii) the establishment of an experienced consumer goods team; (iv) the development and branding of its mushroom adaptogen formulations featuring chaga, reishi, and lion's mane; and (v) the commencement of research and development on new formulations.

On June 8, 2020 the Company entered a development agreement (the "**Development Agreement**") with an established contract manufacturer of nutritional products and dietary supplements (the "**Manufacturing Partner**"). The Manufacturing Partner is a leading manufacturer of nutritional supplements, powders, and premixes operating in a FDA registered and GMP certified facility. All dietary supplements manufactured in the facility are produced under the FFDC code 21 CFR 111. The Manufacturing Partner is also certified for food safety by the Safe Quality Food Institute (SQF) and the facility is audited annually. Under the Development Agreement the Manufacturing Partner has agreed to assist with preliminary formula development, initial samples, commercialization processes, and product labeling to meet FDA requirements. On August 20, 2020, the Company and the Manufacturing Partner entered into a pilot agreement (the "**Pilot Agreement**") for the manufacture of the Company's initial three products. The confidentiality of the Company's product formulations are protected pursuant to a mutual confidentiality and non-disclosure agreement (the "**Mutual Confidentiality and Non-Disclosure Agreement**") between the Company and the Manufacturing Partner dated April 11, 2020.

On September 9, 2020, the Company received samples of its formulations from the Manufacturing Partner and provided approval to proceed with the commercialization process.

On September 28, 2020, our initial products received CCOF certification.

On October 29, 2020 the Company's Reishi adaptogen elixir placed second within the Whole Body & Mind Wellness category at the annual ECRM Buyer's Choice Awards.

On January 8, 2021, the Company and the Manufacturing Partner entered in a quality agreement (the "**Quality Agreement**") to outline the roles and responsibilities for the supply of the Company's products by the Manufacturing Partner in accordance with Good Manufacturing Practice. On February 21, 2021, the Company and the Manufacturing Partner entered into a supply agreement (the "**Supply Agreement**") to set forth the responsibilities for the manufacture and supply of the Company's specified products by the Manufacturing Partner, including the process for purchase order commitments.

## ***Key Executives***

On June 15, 2020 the Company entered into an independent contractor agreement with David Kerbel for business development services with the primary objective of establishing a retail distribution network within the United States. Under the terms of the agreement, Mr. Kerbel was to be paid a contractor fee of US\$5,000 per month until December 1, 2020 when the fee increased to US\$10,000 per month. Additionally the Company granted Mr. Kerbel 450,000 stock options exercisable at a price of \$0.10 each for a period of five years. Mr. Kerbel became the Company's Chief Executive Officer on June 15, 2020 and was appointed as a director of the Company on November 27, 2020. On November 27, 2020, the Company entered into a new independent contractor agreement with Mr. Kerbel pursuant to which he will be paid US\$8,000 per month subject to annual performance review. See "Directors and Executive Officers"

On June 16, 2020, the Company entered an independent contractor agreement with Dr. Michael Hart to act as President of the Company and to assist with establishing strategic objectives and development of the Company's mission and vision. Pursuant to the agreement, Dr. Hart was to: (i) provide a research-based understanding of the product formulations and therapeutic potential of the synergistic ingredients and add insight to enhance the Company's formulation and develop new products; (ii) conduct ongoing media, podcast, and other such outreach to advocate for the potential health and wellness benefits of natural plant based products; and (iii) develop partnerships with relevant health clinics, retailers, health institutions, and other such organizations relevant to the industry. Under the terms of the agreement, Dr. Hart was paid a contractor fee of \$5,000 per month, and was granted 450,000 stock options exercisable at a price of \$0.10 each for a period of five years. On November 30, 2020, we terminated Dr. Hart's independent contractor agreement and his services as President of the Company. Dr. Hart was paid \$5,000 on termination and agreed to retain 112,500 vested stock options.

On June 23, 2020, the Company entered an independent contractor agreement with Warren Spence. Mr. Spence brings twenty-five plus years of experience in the food and beverage industry. Under the terms of the agreement Mr. Spence was granted 500,000 stock options exercisable at \$0.10 each for a period of five years. He specializes in supply chain, consumer packaged goods and establishing operations systems and procedures. On November 27, 2020, Mr. Spence was appointed as a director of the Company. See "Directors and Executive Officers".

On June 23, 2020, the Company entered an independent contractor agreement with David Lubotta. Mr. Lubotta has over 20 years of entrepreneurial, corporate finance, innovation, and leadership experience. Under the terms of the agreement Mr. Lubotta was granted 450,000 stock options exercisable at \$0.10 each for a period of five years. On November 27, 2020, David Lubotta was appointed as a director of the Company. See "Directors and Executive Officers".

On August 4, 2020, the Company appointed Dr. Mark Scappaticci as an advisor to the Company. Dr. Scappaticci manages recovery and performance optimization for top professional and amateur athletes from around the world. The list of athletes he has treated includes top performers from the National Hockey League, the National Football League, the National Basketball Association, and the Canadian Football League as well as Olympic and World Championship track and field athletes. Pursuant to the terms of the advisor agreement, Dr. Scappaticci will advise the Company from time to time on issues as requested by the Company, including (a) providing strategic advice on the direction and strategy of the Company, (b) advising and assisting with business development by and for the Company, (c) facilitating introductions between the Company and third parties who may be in a position to assist in furthering the goals of the Company, and (d) such other matters as may be agreed to by the parties. Under the terms of the advisor agreement, Dr. Scappaticci was granted 125,000 stock options exercisable at \$0.10 each for a period of five years.

## ***Asset Purchase***

On July 20, 2020, the Company entered an Asset Purchase Agreement with the Vendors, two of whom are former directors of the Company. Under the terms of the Asset Purchase Agreement, the Company purchased the proprietary formulations for its initial three product lines, which expressly includes all rights, title and interest to the formulations. In consideration for the Assets, the Company paid the Vendors an aggregate of \$30,000 by the

issuance of 1,500,000 Common Shares at a deemed price of \$0.02 per Common Share. The Assets include the proprietary formulations for the Company's initial product lines, including the formulations for chaga beverage shots, mushroom/nutraceutical beverage powders and cordyceps beverage shots.

### **Market for Products**

The Company's initial products, along with efforts of future product development, will generally fall under the massive global \$268.3 billion nutraceuticals market, which is estimated to be growing at a compound annual growth rate (CAGR) of 7.8%<sup>3</sup>. Powder elixirs and ready-to-drink ("RTD") beverages are considered health and wellness drinks, which Euromonitor has valued at \$41.0 billion globally in 2015<sup>4</sup>.

We are targeting a wide range of health and fitness advocates, both male and female, as the market for our products. Nielsen survey data shows that across all consumer age ranges, from Generation Z right through to Baby Boomers, being fit and healthy is a top aspiration for large portions of the population<sup>5</sup>.

### **Principal Products**

The Company's core objective is to become a leader in mental fitness through the creation of great tasting, easy to use mushroom adaptogen elixirs, supplements, and ready to drink beverages. Rritual's product strategy is to offer competitive formulations on the market (taste, solubility, ingredient quality), employ experienced formulation experts, and solidify brand identifiers through impactful marketing and communications.

The details of the Company's current products are set forth below.

#### *Mushroom Adaptogen Mixes*

The Company's initial product line under its brand "Rritual" consists of three functional mushroom adaptogen formulations: chaga, reishi, and lion's mane. The three mushroom adaptogen formulations will be offered in two packaging options: Container Mixes and Elixir Stix.

The Container Mix is the same powdered formulation found in the Elixir Stix, but provided as a bulk 180-gram supply, providing customers with a more efficient way to consume and purchase their preferred formulations. Individual containers will be offered through e-commerce channels and provided to wholesalers in a master case of 12 containers.

The Elixir Stix are individual 3-gram satchels with 14 satchels per box, providing customers with 42 grams of mixable powder, ideal for initial product discovery. The Elixir Stix format will also include a variety pack which allows new consumers to experience each of Rritual's unique formulations in a single purchase. These will be offered as individual boxes through e-commerce channels and provided to wholesalers in a master case of 12 boxes.

---

<sup>3</sup> BCC Research, "Nutraceuticals: Global Markets to 2023," FOD013G, 2018. [Online]. Available: <https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html>.

<sup>4</sup> Euromonitor International, "Mushroom Drinks Increasingly Trendy," 2016. [Online]. Available: <https://blog.euromonitor.com/mushroom-drinks-increasingly-trendy/>.

<sup>5</sup> Nielsen, "Global Generational Lifestyles," 2015. [Online]. Available: <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/global-generational-report-november.pdf>.

Container Mixes:



*Reishi Relax.*

The Company's Reishi Relax is a proprietary reishi mushroom and ashwagandha root formulation blended with organic raw cacao powder and organic cinnamon.



*Chaga Immune.*

The Company's Chaga Immune is a proprietary chaga mushroom, eleuthero root, and astragalus formulation blended with organic schisandra berry and organic ginger root.



*Lion's Mane Focus.*

The Company's Lion's Mane Focus is a proprietary lion's mane mushroom and rhodiola rosea root powder formulation blended with organic american ginseng root powder and bacopa monnieri extract.

Elixer Stix:



*New Product Development*

Ritual expects to be looking for new functional mushroom adaptogen formulas that will suit the needs of the Company's target customers. The Company intends to grow its powdered product line and develop and commercialize an RTD line, while also considering other adjacent health and wellness opportunities. For example, the Company plans to leverage trends in the evolving cosmetics market, that 'beauty comes from within', by developing a tremella mushroom and plant-based collagen booster.

The second product line the Company intends to develop and launch consists of RTD mushroom beverages, beginning with a 150 ml cordyceps shot, "Cordyceps Calm Energy 150ml Shots" which is a customized cordyceps and eleuthero root formulation.



## Production

The Manufacturing Partner manufactures nutritional supplements, powders, and premixes in an FDA registered facility. All dietary supplements manufactured in the facility are produced under the FFDC code 21 CFR. The Manufacturing Partner is also certified for food safety by the SQF and the facility is audited annually. The Manufacturing Partner will assist us with preliminary formula development, initial samples, commercialization processes, and product labeling to meet FDA requirements.

The Manufacturing Partner is both a certified manufacturer of USDA Organics and Good Manufacturing Practices (GMP), with GMP certification a requirement for the sale of natural health products in Canada. Production is anticipated to commence in the first quarter of 2021.

## Marketing

Ritual believes that the adoption of the omni-channel business model is paramount to driving a competitive advantage in consumer retail markets that are becoming increasingly saturated by direct to consumer business models. Omni-channel retail has been described as an immersive experience that puts the customer first, not the product; communicating in ways that are aligned with why customers use a given market channel and showing awareness of their individual preferences in the customer journey. With an omni-channel strategy, customer behaviour dictates the marketing tactics used next, with each interaction altering the experience in real-time. The brand's behaviour is not random; it is aligned with the customer's behaviour within and between market channels<sup>6</sup>.

### *Brand Positioning*

One of the most fundamental tasks of brand managers is to understand and manage the set of associations around their brand. As Ritual is targeting a premium brand position in the mushroom adaptogen market, a corresponding brand framework (Table 1) and positioning matrix (Figure 1) has been built by the Company. Using these frameworks, Ritual expects to guide marketing efforts to control the intended brand associations with customers like daily ritual, mental fitness, and premium formulations.

Brand Positioning Framework	
<b>Our Conviction</b>	Our world is in a constant cycle of stress
<b>Our Purpose</b>	To help everyone meet the demands of modern life with style and ease
<b>Our Brand Benefit</b>	Mental fitness is a daily ritual
<b>Our Functional Offering</b>	Plant-based recipes expertly developed from organic and natural ingredients. Amazing flavour and taste
<b>Our Emotional Offering</b>	Balance, Focus, Strength, Support, and Kindness
<b>Our Core Desire</b>	To become the world leader in Mental Fitness through the creation of great tasting, easy to use mushroom adaptogen elixirs, supplements, and beverages

Table 1

<sup>6</sup> Shopify, "Omnichannel vs Multichannel: What is the Difference and Why Does It Matter?," 2019. [Online]. Available: <https://www.shopify.co.nz/enterprise/omni-channel-vs-multi-channel>.

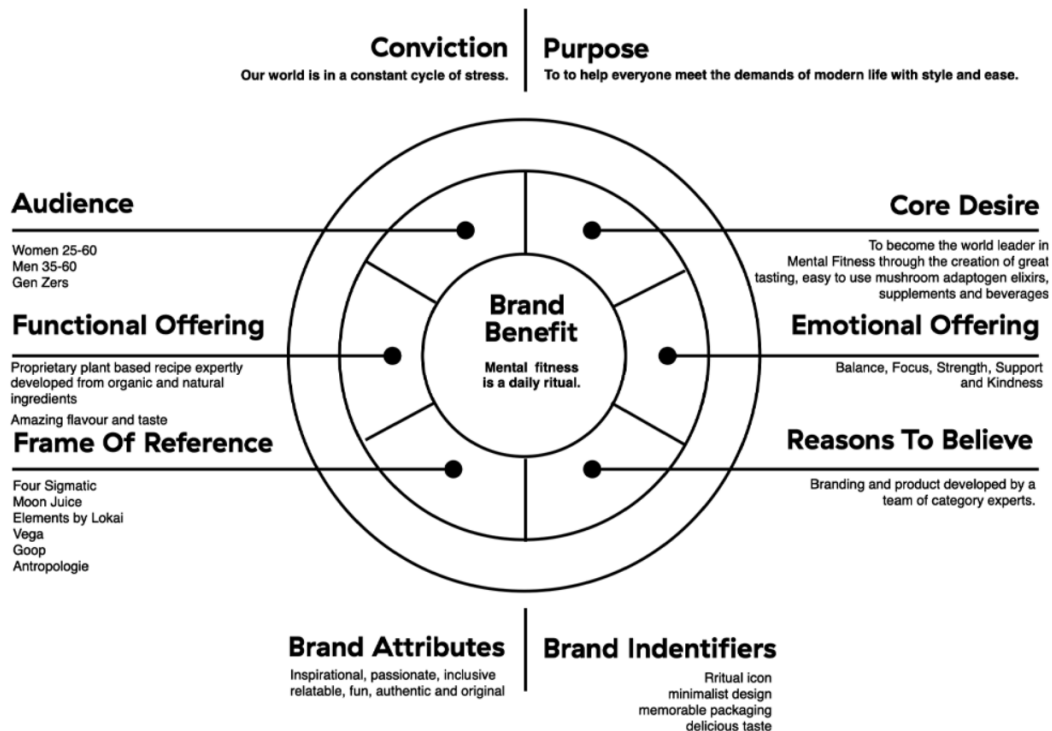


Figure 1

### Advertising Strategies

#### Influencers

Influencers can be defined as people who have built a large network of online followers and are considered trusted tastemakers in one or more niches. Using influencers to endorse a brand publicly has been shown by many companies to be an effective lower cost advertising strategy when compared to utilizing mainstream celebrities.

Ritual is planning to build a community of ‘hand selected’ influencers that embody the brand positioning presented in Figure 1. These influencers will be given either promotional product or contract wages to endorse and advertise the brand through their personal media channels. The Company has not yet entered any material contracts with influencers to date however is actively curating individuals that reflect the desired values and brand identity of Ritual.

#### Experiential

The Company plans to develop experiential advertising in the form of product tastings at partner retail stores, brand related festivals, health and wellness events and in partner with brand related service providers (yoga studios, coffee shops, and smoothie bars). Ritual has an opportunity to reinforce the link between the brand’s symbolic meaning and the consumption experience, an important component in building brand equity. The Company has not yet entered any material contracts to carry out experiential advertising campaigns; however, it is actively developing a road map to execute upon this initiative. The Company may be limited in implementing this strategy due to COVID-19.

### Search Engine Optimization

Ritual intends to utilize a third-party search engine optimization (SEO) consultant to raise search rankings, thereby increasing unique visitors and e-commerce traffic to the Ritual website. Effective SEOs can produce large gains in organic search traffic compared to non-optimized webpages.

### Social Media Platforms

We will host three social media platforms (YouTube, Instagram, and Pinterest) to communicate directly to both potential and existing customers. These platforms will also be utilized to deliver targeted advertising campaigns to wider audiences, host direct sales links and provide social media data analytics.

### Ritual Branded Accessories

To reinforce a customer's 'daily ritual', enhance product consumption experience and drive brand awareness, Ritual also plans to sell branded premium accessories will also be sold. Examples may include utensils for the preparation or consumption of the product, clothing and yoga mats. These products are anticipated to constitute approximately 1% or less of the Company's business.



### **Sales and Distribution**

From ground-zero Ritual has decided to architect a staged approach to build an omni-channel retail model to engage with customers on a deeper level. To achieve this goal, the Company intends to initially scaleable

Therefore, while advancing the e-commerce rollout, Ritual will also be working in tandem to develop a physical presence at premium United States retailers, providing consumers with the physical product experience they still desire. In addition, social media platforms play a crucial role in the entire execution of the business model and the subsequent development of an omni-channel strategy.

Analysing social media data to better understand why customers purchase products, to provide tailored customer service, and deliver more effective marketing campaigns is a market gap that Ritual intends to take full advantage of via three media channels: Instagram, Pinterest and YouTube.

Finally, to drive digital traffic, build brand awareness, and create a community of like-minded followers, we plan to implement an innovative, multifaceted strategy with key elements such as:

- contracting of expert search engine optimization (SEO) consultants and digital marketing agencies to raise search rankings;
- micro-influencer campaigns that will provide key stakeholders with promotional product or contract employment to create brand awareness, independent brand content, and social media analytics; and
- experiential campaigns consisting of in-store tastings, trade shows, pop-up stores and festival booths to reinforce brand identifiers, collect target-customer interaction data, test product promotions and physically embody core brand attributes to customers.

### **Specialized Skill and Knowledge**

Ritual's business requires specialized knowledge and technical skill around the formulation of products, quality assurance, sourcing of ingredients, and distributing products through various channels. Aside from the Company's directors and officers, we have experienced persons under contract as consultants. We also have business relationships such as that with our Manufacturing Partner who can provide us with the specialized skills and knowledge.

### **Regulatory Environment**

Ritual's products are affected by laws, government regulations, court decisions and similar constraints at the federal, state, and local levels of government in each jurisdiction. The legal requirements for the Company's products include but are not limited to: (i) the formulation, manufacturing, packaging, labeling, distribution, sale, and storage of the products; (ii) product safety and quality control; (iii) record-keeping; (iv) governmental reporting; and (v) product claims and advertising. Ritual's products cannot be sold in Canada without government approval, natural health product licences and site licences. See "Risk Factors".

#### *Canada*

In Canada, mushroom products generally fall under two categories: (i) mushroom products that are considered food; and (ii) mushroom products that are considered "Natural Health Products" ("NHPs"). Ritual intends for its products to be defined as NHPs. Any Canadian facility where NHPs are manufactured, imported, labelled, packaged, distributed and/or stored must have a site licence from Health Canada. The Company does not yet have a site licence from Health Canada. See "Risk Factors".

Important factors that guide decisions to determine whether a product in food format is an NHP or food are product composition, product representation, product format, and public perception and history of use.

NHPs are regulated by Health Canada under the *Natural and Non-Prescription Health Products Directorate* issued pursuant to the NHPR and the *Food and Drugs Act* (Canada). NHPs are defined in the NHPR as a substance set out in Schedule 1 to the NHPR or a combination of substances in which all the medicinal ingredients are substances set out in Schedule 1 to the NHPR, a homeopathic medicine or a traditional medicine, that is manufactured, sold or represented for use in: (i) (a) the diagnosis, treatment, mitigation or prevention of a disease, disorder or abnormal physical state or its symptoms in humans; (ii) restoring or correcting organic functions in humans; or (iii) modifying organic functions in humans, such as modifying those functions in a manner that maintains or promotes health. Schedule 1 to the NHPR includes plant based materials, extracts of plant-based materials, certain vitamins, amino acids, essential fatty acids, minerals, and probiotics. Schedule 2 to the NHPR includes salts and derivatives of opium, methylphenidate, and barbiturates. NHPs do not include substances set out in Schedule 2 to the NHPR, any combination of substances that includes a substance set out in Schedule 2 to the NHPR or a homeopathic medicine or a traditional medicine that is or includes a substance set out in Schedule 2 to the NHPR.

Health Canada defines NHPs as naturally occurring substances used to restore or maintain good health and are found in a variety of forms including powders, tablets, solutions, creams, and ointments. In order to be considered

an NHP, the product must have a specific health claim. Products with a licence have been assessed by Health Canada and found to be safe, effective and of high quality under their recommended conditions of use.

All NHPs are required to have an eight-digit Natural Product Number (“NPN”) which is a licence issued by Health Canada that must appear on each product’s label before they can be sold in Canada. The Company applied for NPNs for each of its initial three Rritual formulations in December 2020. Authorizations are required for Rritual to make health claims and while there is no guarantee that the Company will obtain these authorizations, it expects to have them by February 2021. The Company’s products cannot be sold in Canada without an NPN. See “Risk Factors”.

#### *United States*

We will be selling our Rritual Mushrooms products as a dietary supplement product in the United States. The formulation, manufacturing, packaging, holding, labeling, promotion, advertising, importation, distribution and sale of the Company’s Rritual Mushrooms products will be subject to regulation by various governmental authorities, including the FDA, the FTC, and other federal governmental agencies. Our products may also be regulated by the governments of states and local jurisdictions in which our products are marketed, distributed, and sold.

The FDA regulates the formulation, manufacturing, preparation, packaging, labeling, holding, and distribution of foods, drugs and dietary supplements under the DSHEA. “Dietary supplements” are defined as vitamins, minerals, herbs, other botanicals, amino acids and other dietary substances for human use to supplement the diet, as well as concentrates, metabolites, constituents, extracts or combinations of such dietary ingredients. Generally, under DSHEA, dietary ingredients that were on the market prior to October 15, 1994 may be used in dietary supplements without notifying the FDA. New dietary ingredients (i.e., not marketed in the U.S. prior to October 15, 1994) must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been “present in the food supply as an article used for food” without being “chemically altered.” A new dietary ingredient notification must provide the FDA with evidence of a “history of use or other evidence of safety” establishing that use of the dietary ingredient “will reasonably be expected to be safe.” A new dietary ingredient notification must be submitted to the FDA at least 75 days before the initial marketing of the new dietary ingredient. There can be no assurance that the FDA will accept the evidence of safety for any new dietary ingredients that we may want to market, and the FDA’s refusal to accept such evidence could prevent the marketing of such dietary ingredients. We have not had any correspondence with FDA or received any FDA approvals.

The DSHEA revised the provisions of the FFDCa concerning the composition and labeling of dietary supplement ingredients and products. Under the DSHEA, dietary supplement labeling may display “statements of nutritional support.” Such statements must be submitted to the FDA within 30 days of first use in marketing and must be accompanied by a label disclosure that “This statement has not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease.” Such statements may describe how a particular dietary ingredient affects the structure, function or general well-being of the body, or the mechanism of action by which a dietary ingredient may affect body structure, function or well-being, but may not expressly or implicitly represent that a dietary supplement will diagnose, cure, mitigate, treat, or prevent a disease. Any statement of nutritional support we make in labeling must possess scientific evidence substantiating that the statement is truthful and not misleading. If the FDA were to determine that a particular statement of nutritional support was an unacceptable drug claim or an unauthorized version of a health claim about disease risk reduction for a food product, or if the FDA were to determine that a particular claim was not adequately supported by existing scientific data or was false or misleading, we would be prevented from using that claim. In addition, the FDA deems promotional and internet materials as labeling; therefore, our promotional and internet materials must comply with FDA requirements and could be the subject of regulatory action by the FDA, or by the FTC if that agency or other governmental authorities, reviewing the materials as advertising, considers the materials false and misleading.

Among other obligations, the FDA also requires the Company and its contract manufacturers to meet relevant current good manufacturing practice regulations (“**cGMP**”) that govern the manufacturing, packing and holding of dietary ingredients and dietary supplements. cGMP regulations require dietary supplements to be prepared, packaged and held in compliance with strict rules, and require quality control provisions similar to those in the cGMP regulations for drugs. The FDA could inspect one of our contract manufacturers' facilities and determine that the facility or the products do not comply with applicable regulations, and cause affected products made or held in the facility to be subject to FDA or other governmental agency enforcement actions or be restricted from importation into the U.S. or introduction into U.S. commerce. In addition, as is common practice in the industry, we rely on our third-party contract manufacturers to ensure that the products they manufacture and sell to us comply with all applicable regulatory requirements. We may seek representations and warranties in our agreements with these contract manufacturers confirming such compliance, but such agreements may not be sufficient to address any findings of noncompliance, liabilities, damages, costs or expenses alleged or incurred from such noncompliance.

U.S. laws also require recordkeeping and reporting to the FDA of all serious adverse events involving dietary supplements products. Ritual will need to comply with such recordkeeping and reporting requirements, and implement procedures governing adverse event identification, investigation and reporting. As a result of reported adverse events, health and safety risks or violations of applicable laws and regulations, we may from time to time elect, or be required, to recall, withdraw or remove a product from a market, either temporarily or permanently.

Some of the products marketed by us may be considered conventional foods and must be labeled as such. Within the United States, this category of products is subject to the NLEA, and regulations promulgated under the NLEA. The NLEA regulates health claims, ingredient labeling and nutrient content claims characterizing the level of a nutrient in the product. The ingredients in conventional foods must either be generally recognized as safe by experts for the purposes to which they are put in foods, or be approved as food additives under FDA regulations. If our products were regulated as foods, we would be required to comply with the Federal Food Safety & Modernization Act and applicable regulations. We would be required to provide foreign supplier certifications evidencing our compliance with FDA requirements.

The FDA has broad authority to enforce the provisions of the FFDCAs applicable to foods, drugs, dietary supplements, and cosmetics, including powers to issue a public warning letter to a company, to publicize information about illegal or harmful products, to request a recall of products from the market, and to request the United States Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the U. S. courts. We could be subject to fines and penalties, including under administrative, civil and criminal laws for violating U.S. laws and regulations, and our products could be banned or subject to recall from the marketplace. We could also be subject to possible business and consumer claims under applicable statutory, product liability and common laws. The FTC exercises jurisdiction over the advertising of our products in the United States. In the past, the FTC has instituted enforcement actions against several dietary supplement and food companies and against manufacturers of dietary supplement products, including for false and misleading advertising, label claims or product promotional claims. In addition, the FTC has increased its scrutiny of the use of testimonials, which we may utilize, as well as the role of endorsements and product clinical studies. We cannot be sure that the FTC, or comparable foreign agencies, will not question our advertising, product claims, promotional materials or other operations in the future. The FTC has broad authority to enforce its laws and regulations, including the ability to institute enforcement actions that could result in recall actions, consent decrees, injunctions, and civil and criminal penalties by the companies involved. Failure to comply with the FTC's laws and regulations could impair our ability to market our products.

We are also subject to regulation under various state and local laws, ordinances and regulations that include provisions governing, among other things, the registration, formulation, manufacturing, packaging, labeling, advertising, sale and distribution of foods and dietary supplements. In addition, in the future, we may become subject to additional laws or regulations administered by the FDA or by other federal, state, local or foreign governmental authorities, the repeal of laws or regulations that we consider favorable, or more stringent interpretations of current laws or regulations. In the future, we believe the dietary supplement industry will likely face increased scrutiny from federal, state and local governmental authorities. It is difficult to predict the effect

future laws, regulations, repeals or interpretations will have on our business. However, such changes could require the reformulation of products, recalls or discontinuance of products, additional administrative requirements, revised or additional labeling, increased scientific substantiation or other requirements. Any such changes could have a material adverse effect on our business or financial performance. See “Risk Factors”.

### Competitive Conditions

The number of competitors in the health and wellness industry varies by product segment and location. There are two markets for mushrooms: (i) mushroom products that fall under the category of food; and (ii) mushroom products that are NHPs. Ritual’s intention is for its products to be defined as NHPs, not food.

The Company has reviewed its competitors and noted the following findings: (i) across all brands of mushroom and adaptogen powders, products were made with either certified organic ground, or extracted powders, and the majority are currently labelled with a Nutrition Facts, over Supplement Facts panel; (ii) existing products are primarily flavoured with common spices such as cinnamon, cardamom, ginger, and peppermint, and without any added flavours; (iii) products are either made with no added “sweeteners” of any kind, or with organic sweeteners such as palm fruit and/or stevia; (iv) powder sachets are the preferred packaging in segment, however, overtime and with increased usage, offering products in bulk powder fill (within tins) will be an important consideration; and (v) Four Sigmatic is a category leader and was first to market, creating this new segment of wellness products in 2012 and is currently positioned to either enhance or replace foods already part of the diet - coffee, tea, cacao, and protein shakes; (vi) new entries into the category are brands targeting Millennials and Gen Z lifestyles, however, the price point remains premium, with an average price per unit of \$30 and cost per serving ranging from \$0.75 to \$3.79; and (vii) preliminary suggested retail price range is \$20-\$30 for 14 sachets. The Company is evaluating discounts for subscription pricing through its e-commerce channels.

We have identified the following companies that offer similar products:

Name	Product Offering				Operations Location
	Mushrooms	Herbs	Benefits	Delivery	
<b>Four Sigmatic</b>	Chaga, Lion’s Mane, Maitake, Reishi	Eleuthero, Tulsi, Rhodiola	Cognitive, Immune, Sleep, Stress	Sachet/Box, Bulk In Tin	Los Angeles, CA
<b>Wylde One</b>	Chaga, Cordyceps, Lion’s Mane, Maitake, Reishi, Shitake, Turkey Tail	Ashwagandha, Astragalus, Eleuthero, Gingko, Ginseng, Gotu Kola, , Rhodiola	Cognitive, Energy, Immune	Sachet/Box	Brooklyn, NY
<b>Anima Mundi</b>	Chaga, Cordyceps, Lion’s Mane, Maitake, Reishi, Shitake	Peruvian Herbs	Cognitive, Immune, Wellness	Jar, Pouch	Brooklyn, NY
<b>Your Superfood</b>	Chaga, Reishi	N/A	Cognitive, Energy, Immune	Tin, Sachet, Bars	Venice, CA
<b>Moon Juice</b>	Chaga, Lions Mane	Ashwagandha, Maca, Rhodiola	Cognitive, Energy, Immune	Cosmetics, Topicals, Tin, Sachet	Culver City, CA
<b>Gaia Herbs</b>	Chaga, Cordyceps, Lions Mane, Maitake, Shitake	Astragalus, Elderberry, Gingko, Gotu Kola, Maca, Rhodiola, Turmeric	Cognitive, Energy, Immune, Stress	Tinctures, Capsules, Edibles	Brevard, NC

Ritual believes that the industry is still at an early but rapid stage of development and that by offering consumers mushroom adaptogen products at a lower price and better taste than competitors, it can dominate a niche segment in the mushroom adaptogen space.

## Components

The Manufacturing Partner has an established supply chain to source raw materials and ingredients on behalf of Rritual for production of the Company's proprietary formulations. The Company is currently unable to anticipate the impact of the COVID-19 pandemic on its business and operations. Please see "Risk Factors - The Impact of the Covid-19 Pandemic".

The Company has established a relationship with a product packaging vendor in California and has completed product mockups and delivered samples to the Manufacturing Partner for evaluation in the pilot study. Product packaging will consist of cardboard boxes, paper sachets, plastic tubs, and shrink wrap. The Company will manage the purchase of packaging and co-ordinate the shipment of packaging to the Manufacturing Partner.

## Intellectual Property

Protection of intellectual property is important to the success of Rritual's business. The Company has taken the following measures to protect its intellectual property. No third party intellectual property (other than standard business software) is required in order to manufacture the products.

On July 20, 2020, the Company entered the Asset Purchase Agreement with the Vendors, of which two of the Vendors are former directors of the Company. Under the terms of the Asset Purchase Agreement, the Company purchased the proprietary formulations for its initial three product lines. In consideration for the Assets, the Company paid the Vendors an aggregate of \$30,000 by the issuance of 1,500,000 Common Shares at a deemed price of \$0.02 per Common Share. The Assets include the proprietary formulations for the Company's initial product lines, including the formulations for chaga beverage shots, mushroom/nutraceutical beverage powders and cordyceps beverage shots.

### *Domains*

Our Company's website is [www.wearerritual.com](http://www.wearerritual.com). The Company also owns the following domains which it may use as the e-commerce and communications strategies are further developed:


wearerritual.ca	rritualsuperfoods.com	rritualsuperfoods.ca
rritual.net	rritual.org	rritual.ca
rritual.life	rritual.info	rritual.shop
ritualsuperfoods.com	rritual-superfoods.com	ritualsuperfood.com
rritualsuperfood.com	rritualsuperfood.ca	myrritual.com

### *Patents*


The Company has no registered patents and has not filed any patent applications in any jurisdiction.

### *Trademarks*

The Company's has filed the following trademark applications:

Jurisdiction	Trademark	Application Number	Filing Date
Canada		2046354	August 18, 2020
Canada	MENTAL FITNESS IS A DAILY RRITUAL	2046353	August 18, 2020



Jurisdiction	Trademark	Application Number	Filing Date
United States		90138525	August 26, 2020
United States	MENTAL FITNESS IS A DAILY RRITUAL	90138525	August 26, 2020

### Seasonality

The Company's sales and revenues will be subject to fluctuations associated with consumer demand trends during seasonal holidays and seasonal changes in weather. Based on management's previous experience, the Company generally expects to ramp up marketing efforts leading into winter and North American consumer-based holidays and accordingly may experience increased sales. Alternatively, during the summer months, North American consumers tend to be less health conscious; therefore, there may be periods in the summer months that experience decreased consumer demand.

### Economic Dependence

The Company's business is dependent upon the Manufacturing Partner. We do not currently have the infrastructure or capability internally to process and manufacture our proposed mushroom products. There is no financial commitment with the Manufacturing Partner and the Company may choose an alternate manufacturing partner in the future. We expect to rely primarily on third-party organizations to process, manufacture, and ship our proposed mushroom products. We expect to primarily rely on one Manufacturing Partner to obtain all of the mushroom powder we anticipate requiring for our proposed products. Additionally, we expect to rely on two packaging vendors to supply all product packaging. Any disruptions to the business of the Manufacturing Partner or packaging vendor could cause significant delays in the launch of our business. See "Risk Factors".

### Changes to Contracts

The Company does not anticipate that its business will be affected by renegotiation or termination of contracts or sub-contracts during the current financial year.

### Employees

As at December 7, 2020, the Company had no full time employees. The officers and directors of the Company are independent contractors.

### Foreign Operations

The Company's sales and distribution operations will be conducted in Canada and the United States. The Company's raw materials are sourced in North America and are manufactured and packaged in the United States. There is a risk that trade restrictions or tariffs may require the Company to engage a new manufacturing partner or find alternate sources of raw materials. The Company does not have other any risks or dependencies on foreign operations. See "Risk Factors".

### The Impact of the Covid-19 Pandemic

The Company is currently unable to anticipate the impact of the COVID-19 pandemic on its business and operations. Management believes that the pandemic may increase interest in natural health and wellness products. The Company expects that the sales of its three initial formulations will occur online and in retail stores. Should further lock down orders be mandated in the markets in which the Company operates, the Company may experience decreased sales volumes if retailers were ordered closed. For the most part, grocery and specialty retail such as alternative wellness centers have been considered essential services and have remained open during the

pandemic despite lock down orders. To date, the Company has not faced any challenges with obtaining supplies and raw materials for its products, workplace shortages, international border closures that affect the Company's ability to purchase materials in a timely manner, restrictions on shipping in North America, restrictions on the ability to obtain financing in the financial markets, or changes to the regulatory landscape that may affect Rritual's ability to sell and deliver its products to customers. Rritual continues to closely monitor the pandemic and its potential impact on the Company's business.

We do not currently have the infrastructure or capability internally to process and manufacture our proposed mushroom products. We expect to rely primarily on third parties for processing, manufacturing and shipping of our proposed mushroom products. We rely on the Manufacturing Partner for obtaining all of the mushroom powder and other raw materials we anticipate requiring for our proposed products. Additionally, we expect to rely on two packaging vendors to supply all product packaging. Any disruptions to the business of the Manufacturing Partner or packaging vendors could cause significant delays in the launch of our business. Obtaining an alternative manufacturing partner would likely require significant effort and the Company may not be able to secure a relationship with a new Manufacturing Partner on a timely basis or on reasonable commercial terms.

The extent to which COVID-19 may impact our ability to obtain mushroom powder is uncertain and cannot be predicted; however, as many of the mushrooms we purchase are grown in the United States, and as our Manufacturing Partner is based in the United States, the presence of COVID-19 and the governmental and commercial response to the pandemic may negatively affect our ability to source mushroom powder for our products. See "Risk Factors".

#### **Bankruptcy and Similar Procedures**

The Company has not been subject to any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years.

#### **USE OF PROCEEDS**

The Company estimates the net proceeds of the Offering, assuming no exercise of the Over-Allotment Option, will be \$4,552,174.095, after deducting the portion of the Underwriters' Commission in cash and the other expenses of the Offering. If the Over-Allotment Option is exercised in full, the net proceeds of the Offering, after payment of the Underwriters' Commission in cash and deducting the estimated expenses of the Offering, are estimated to be \$5,280,000. If the Over-Allotment Option is exercised, the Company intends to use the additional net proceeds to supplement our unallocated working capital.

The net proceeds of the Offering will be added to the Company's estimated working capital as at January 31, 2021 of \$904,700 (including the net proceeds from the private placement of Convertible Notes which are assumed to be converted to equity for the working capital calculation) which will result in approximately \$5,456,874.095 in available funds to the Company.

#### **Funds Available**

As at January 31, 2021, we had an estimated working capital of \$904,700 (unaudited) that, combined with the net proceeds of the Offering of \$5,280,000 if the Over-Allotment Option is exercised in full, provides us with total available funds of \$6,184,700.

Source of Funds	Offering Proceeds
Gross Proceeds of Offering	\$5,217,391.50
Agent commission – 7%	\$(365,217.405)

Source of Funds	Offering Proceeds
Underwriter expenses	\$(150,000)
Cost of completing prospectus	\$(150,000)
Estimated Net Proceeds of Offering	\$4,552,174.095
Working capital as at January 31, 2021	\$904,700
Available Funds:	<b>\$5,456,874.095</b>

### Principal Purposes

The Company anticipates using the available funds for the following principal purposes:

Use of Funds	Offering Proceeds
Estimated general and administrative expenses for 12 months following completion of the Offering	\$1,564,680
Estimated development costs for 12 months following completion of the Offering (see "Business Objectives and Milestones")	\$3,794,000
Unallocated working capital	\$98,194.095 <sup>(1)</sup>
Available Funds:	<b>\$5,456,874.095</b>

#### Notes:

1. Assuming the Over-Allotment Option is exercised in full the Company would receive an additional \$727,825.905 net of Underwriters' Commission which would be added to unallocated working capital.

Upon completion of the Offering, our working capital available to fund ongoing operations will be sufficient to meet our administrative costs for at least twelve months. The Company intends to spend the net funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "Risk Factors".

The Company expects to incur approximately \$1,564,680 in general and administrative costs over the next 12 months following completion of the Offering. A breakdown of the estimated general and administrative costs for that period is as follows:

	Annual Amount (\$)	Monthly Amount (\$)
Accounting and audit fees	\$61,500	\$5,125
Legal fees	\$187,500	\$15,625
Transfer agent and regulatory filing fees	\$31,500	\$2,625
Office expenses	\$110,500	\$9,208
Management and consulting fees	\$742,180	\$61,848

	<b>Annual Amount (\$)</b>	<b>Monthly Amount (\$)</b>
Investor communications and public relations	\$431,500	\$35,958
<b>Total</b>	<b>\$1,564,680</b>	<b>\$130,390</b>

The gross proceeds received by the Company from the sale of the Convertible Notes were \$950,402 and will be used for general working capital. The Company will not receive any additional proceeds upon the automatic conversion of the Convertible Notes. No commission or fee was paid by the Company (to either of the Co-Lead Underwriters or otherwise) with respect to the issue of the Convertible Notes and no commission or fee will be payable by the Company (to either of the Co-Lead Underwriters or otherwise) in connection with the issuance of the Convertible Note Units.

No insider, associate or affiliate of the Company will receive more than 10% of the net proceeds of the Offering.

#### **Principal Purposes – asset acquisition**

The Company's operational expansion plan contemplates spending \$2,630,000 on the purchase of product inventory, which includes packaging and raw materials. The Company will own the title to and interest in the inventory acquired by way of cash purchases. The below table summarizes in detail the anticipated purchases the Company intends to make over the following 12 months. The anticipated purchases are subject to change as certain product variants may prove to be more popular and faster moving than others. Management will shift product inventory purchases towards higher demand products where necessary. The Manufacturing Partner described in the "Business of the Company" section is not an insider, associate, or affiliate of the Company.

<b>Item</b>	<b>Description</b>	<b>Cases</b>	<b>% Allocation</b>	<b>Total Amount (\$)</b>
RR20101	RRITUAL Immune 14 stk x 3gr x 12 (Chaga)	5,268	21%	552,300
RR20102	RRITUAL Focus 14 stk x 3gr x 12 (Lion's Mane)	3,635	16%	420,800
RR20103	RRITUAL Stress 14 stk x 3gr x 12 (Reishi)	3,926	16%	420,800
RR20104	RRITUAL Immune 180 gr x 12 (Chaga)	3,516	20%	526,000
RR20105	RRITUAL Focus 180 gr x 12 (Lion's Mane)	1,994	15%	394,500
RR20106	RRITUAL Stress 180 gr x 12 (Reishi)	1,993	12%	315,600
<b>Total:</b>		<b>20,332</b>	<b>100%</b>	<b>2,630,000</b>

#### **Negative Operating Cash Flow**

Since incorporation, the Company has had negative operating cash flow and incurred losses. The Company's negative operating cash flow and losses are expected to continue for the foreseeable future. The Company cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Company will be reliant on future financings in order to meet its cash needs. There is no assurance that such future financings will be available on acceptable terms or at all. See "Risk Factors".

## Business Objectives and Milestones

In the 12 months following the completion of the Offering, the Company intends to complete the following business objectives using the available funds:

- development of Rritual product line;
- advance product marketing program; and
- operational expansion.

Business Objectives	Anticipated Time Period	Anticipated Amount Allocated on Completion of Offering (\$)
<p>Product Line Development and Approvals</p> <ul style="list-style-type: none"> <li>• Obtain Health Canada for current proprietary mushroom adaptogen mixes.</li> <li>• Conduct market research using online and industry survey and review of industry reports on adaptogen products including unique form factors, proprietary formulations, and additional category extension incorporating plant-based replacements to traditional animal-based products.</li> <li>• Through existing relationships with contract product formation experts and contract manufacturers the Company will develop additions to Rritual product line including ready to drink adaptogen-based beverages, cosmetics incorporating adaptogens and/or functional mushrooms. Evaluation of other plant-based replacements to traditional animal-based products including proteins and milk replacements.</li> </ul>	<p>3 months</p> <p>3-6 months</p> <p>6-12 months</p>	<p>\$20,000</p> <p>\$20,000</p> <p>\$104,000</p>
<p><b>Total:</b></p>		<p><b>\$144,000</b></p>
<p>Product Launch and Distribution</p> <ul style="list-style-type: none"> <li>• Engage social media influencers on a contractual basis to build social media following and enhance brand awareness thereby increasing traffic to the Company's online channels and informing potential customers of product availability at retail locations in respective geographic launch areas where available.</li> <li>• Engage third-party search engine consultants to raise search rankings and assist with overall communications strategy to increase consumer</li> </ul>	<p>3-12 months</p> <p>3-12 months</p>	<p>\$175,000</p> <p>\$131,250</p>

<b>Business Objectives</b>	<b>Anticipated Time Period</b>	<b>Anticipated Amount Allocated on Completion of Offering (\$)</b>
awareness of Rritual branded products and product promotions. <ul style="list-style-type: none"> <li>Engagement of digital advertising agencies to solidify brand identifiers through development of impactful marketing and communications materials. Direct advertising and promotion expenditure through radio, television, social media, online.</li> </ul>	3-12 months	\$568,750
<b>Total:</b>		<b>\$875,000</b>
Operational Expansion		
<ul style="list-style-type: none"> <li>Trademark registration.</li> </ul>	9-12 months	\$25,000
<ul style="list-style-type: none"> <li>E-commerce optimization and integration with third party logistics, shipping, customer support. Customer relationship management training and implementation Development and execution of direct to consumer marketing program.</li> </ul>	3-6 months	\$120,000
<ul style="list-style-type: none"> <li>Purchase increasing amounts of inventory of Mushroom adaptogen products.</li> </ul>	3-12 months	\$2,630,000
<b>Total for operational expansion:</b>		<b>\$2,775,000</b>
<b>Total for all business objectives:</b>		<b>\$3,794,000</b>

While the Company intends to pursue these milestones, there may be circumstances where, for valid business reasons or due to factors beyond the control of the Company such as the COVID-19 pandemic, a re-allocation of efforts may be necessary or advisable. Although Rritual does not currently anticipate that, for example, the COVID-19 pandemic will cause material delays in the timelines or estimates set out above, due to the evolving nature of COVID-19 and its impacts and the other risks identified by the Company, these timelines and estimates may require adjustment in the future. See "Risk Factors".

#### Convertible Notes

The gross proceeds received by the Company from the sale of the Convertible Notes were \$950,402, which were allocated for general working capital. The Company will not receive any additional proceeds upon the Conversion. No commission or fee was paid by the Company (to any of the Co-Lead Underwriters or otherwise) with respect to the issue of the Convertible Notes and no commission or fee will be payable by the Company (to any of the Co-Lead Underwriters or otherwise) in connection with the issuance of the Convertible Note Units.

#### DIVIDENDS

The Company has never declared, nor paid, any dividends since its incorporation and has no current plans to pay dividends in the near future since all available funds will be used to operate the business. Any future payment of dividends will depend on the financing requirements and financial condition of the Company and other factors that the Board, in its sole discretion, may consider appropriate and in the best interests of the Company.

Under the *Business Corporations Act* (British Columbia), the Company is prohibited from declaring or paying dividends if there are reasonable grounds for believing that the Company is insolvent or the payment of dividends would render the Company insolvent.

## **SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

This management's discussion and analysis ("**MD&A**") is presented as at the date of this Prospectus and discusses the activities and financial position of Rritual for the period from the date of incorporation on May 6, 2019 to June 30, 2019 and the year ended June 30, 2020 as well as for the three month period ended September 30, 2020 and six month period ended December 31, 2020. The MD&A should be read in conjunction with the audited consolidated financial statements of the Company from incorporation on May 6, 2019 to June 30, 2019 and the year ended June 30, 2020 (the "**2020 Annual Financial Statements**") and the unaudited condensed consolidated interim financial statements for the six months ended December 31, 2020 (the "**Q2 Financial Statements**") included in Schedule A to this Prospectus and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

This MD&A contains "forward-looking statements" that involve numerous risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to differ materially from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

### **Overview and Overall Performance**

Rritual was founded to serve the rapidly expanding mushroom and adaptogen market. Since 2012, the concept of adaptogens has been witnessing exponential growth in the awareness by health & wellness consumers in North America.

Since incorporation on May 6, 2019, the Company's activities have focused on: (i) the development of its online sales platform; (ii) the establishment of supply chain infrastructure; (iii) the establishment of an experienced

consumer goods team; (iv) the development and branding of its mushroom adaptogen formulations featuring chaga, reishi, and lion's mane; and (v) the commencement of research and development on new formulations.

Our business structure is a lean start-up model that reduces capital costs by utilizing contract manufacturing and third-party logistics companies to fulfil e-commerce and wholesale market channels. Our sales will begin with an e-commerce launch in Canada and the United States, followed by wholesaling to brick & mortar retailers in Canada and the United States.

To date the Company has successfully raised gross proceeds of \$1,331,002 through the issue of equity securities to fund the initial business plan and commence operations. The Company also successfully raised gross proceeds of \$950,402 through the issuance of Convertible Notes to fund operations.

### Selected Financial Information

The following table sets out selected financial information with respect to the Company's audited financial statements for the period from incorporation on May 6, 2019 to June 30, 2019 and the year ended June 30, 2020, and the six-month period ended December 31, 2020. The following should be read in conjunction with the 2020 Annual Financial Statements, and the Q2 Financial Statements.

	Period from incorporation on May 6, 2019 to June 30, 2019 (Audited)	Year ended June 30, 2020 (Audited)	Six-month period ended December 31, 2020 (Unaudited)
Total revenues	\$Nil	\$Nil	\$Nil
Net loss and comprehensive loss	\$Nil	\$161,316	\$1,452,015
Basic and diluted loss per share	\$Nil	\$0.33	\$0.05
Total assets	\$2	\$321,270	\$1,158,153
Total liabilities	\$Nil	\$72,958	\$208,483

### Results of Operations

Summary of Operations	June 30, 2019 (Audited)	June 30, 2020 (Audited)	December 31, 2020 (Unaudited)
Total expenses	\$Nil	\$161,316	\$1,452,015
Net loss for the period	\$Nil	\$161,316	\$1,452,015
Basic and diluted loss per share	\$Nil	\$0.33	\$0.05

Balance Sheet Summary	June 30, 2019 (Audited)	June 30, 2020 (Audited)	December 31, 2020 (Unaudited)
Current assets	\$2	\$321,270	\$1,158,153
Total assets	\$2	\$321,270	\$1,192,103
Total liabilities	\$Nil	\$72,958	\$208,483
Working Capital	\$2	\$248,312	\$949,670



***Period from incorporation on May 6, 2019 to June 30, 2019 (Audited)***

During the period ended June 30, 2019, the Company incurred a net loss of \$Nil or \$0.00 per share. The Company was incorporated May 6, 2019 and had minimal expenditures until May 2020 so there was no material financial transaction activity during the period ended June 30, 2019.

***Year ended June 30, 2020 (Audited)***

During the year ended June 30, 2020, the Company incurred a net loss of \$161,316 or \$0.33 per share. The Company was incorporated May 6, 2019 and had minimal expenditures until May 2020 so there was no material financial transaction history in the comparative period. The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- General and administrative expenses were \$10,848 and related to general administrative and start-up costs.
- Consulting fees of \$111,570 were related primarily to brand development and general business development. Of the total \$40,685 was paid through the issuance of common shares to the two former directors of the Company.
- Professional fees of \$18,522 primarily related to trademark and general corporate legal services related to the start-up activities of the Company.
- The Company recognized share-based compensation expense of \$20,376 in relation to the grant of Options and RSU's to directors and consultants.

***Three-month period ended December 31, 2020 (Unaudited)***

During the three-month period ended December 31, 2020, the Company incurred a net loss of \$752,688 or \$0.02 per share. The Company was incorporated May 6, 2019 and had little activity until May 2020 so there was no history in the comparative period. The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- General and administrative expenses were \$93,061 and related to general admin and start up costs.
- Marketing and Promotion expenses were \$197,853 and related to brand development, product design, marketing strategy design and website design.
- Consulting fees of \$186,400 were related primarily to brand and marketing development and general business development.
- Professional fees of \$116,963 primarily related to trademark and general corporate services related to the start up activities of the Company.
- The Company recognized share-based compensation expense of \$158,411 in relation to the grant of stock options to directors, officers, and consultants.

***Six-month period ended December 31, 2020 (Unaudited)***

During the six-month period ended December 31, 2020, the Company incurred a net loss of \$1,452,015 or \$0.05 per share. The Company was incorporated May 6, 2019 and had little activity until May 2020 so there was no history in the comparative period. The primary factors affecting the magnitude and variations of the Company's financial performance during the three-month period ended December 31, 2020 were as follows:

- General and administrative expenses were \$108,374 and related to general admin and start up costs.
- Marketing and Promotion expenses were \$481,604 and related to brand development, product design, marketing strategy design and website design.
- Consulting fees of \$575,311 were related primarily to brand and marketing development and general business development.
- Professional fees of \$127,829 primarily related to trademark and general corporate services related to the start up activities of the Company.
- The Company recognized share-based compensation expense of \$158,897 in relation to the grant of stock options to directors, officers, and consultants.

***Summary of significant Balance Sheet items for the year ended June 30, 2020***

The primary factors affecting the changes to the balance sheet items were as follows:

- Raised proceeds of \$335,000 through the issuance of common shares, plus \$13,000 proceeds received in advance;
- Accounts payable of \$72,958 primarily related to legal fees, which were paid subsequent to period end.

***Summary of significant Balance Sheet items for the six month period ended December 31, 2020***

The primary factors affecting the changes to the balance sheet items were as follows:

- Raised gross proceeds of \$996,000 through the issuance of common shares
- Raised gross proceeds of \$950,402 through the issuance of Convertible Notes.
- Inventory of \$46,593 relates to purchases of raw materials and consumable materials to be used in the operations of the Company.
- Prepaid expenses and deposits of \$607,944 relates to deposits and prepayments for website design, marketing strategy and inventory production. Of the total \$250,546 related to prepaid expenses and \$357,398 related to deposits for inventory.
- Deferred financing costs of \$74,777 are legal fees related to the Initial Public Offering the Company is in the process of completing.
- Intangible asset of \$30,000 relates to formulations acquired by the company through the issuance of common shares as well as trademark costs capitalized of \$3,950.
- Accounts payable of \$208,483 primarily related to legal and consulting fees.

**Summary of Quarterly Results**

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars:

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Net loss	\$752,688	\$699,327	\$161,316	\$Nil
Basic and diluted loss per share	\$0.02	\$0.02	\$0.33	\$Nil
Weighted average shares outstanding	35,513,804	28,759,277	486,542	200

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Revenue	\$Nil	\$Nil	\$Nil	N/A
Net loss	\$Nil	\$Nil	\$Nil	N/A
Basic and diluted loss per share	\$Nil	\$Nil	\$Nil	N/A
Weighted average shares outstanding	200	200	200	N/A

### Liquidity and Capital Resources

The Company's objective in managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital in evaluating its liquidity.

As at June 30, 2020 the Company had a working capital of \$248,312 (June 30, 2019 - \$2). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company has sufficient capital to settle its current liabilities. As at December 31, 2020, the Company had a working capital of \$949,670. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020 and December 31, 2020 the Company had sufficient capital to settle its current liabilities.

The table below highlights the Company's cash flows during the period from incorporation on May 6, 2019 to June 30, 2019, the year ended June 30, 2020, and the six-month period ended December 31, 2020:

Net cash provided by (used in)	June 30, 2019	June 30, 2020	December 31, 2020
Operating activities	\$Nil	\$(26,732)	\$(1,806,593)
Investing activities	\$Nil	\$Nil	\$(3,950)
Financing activities	\$2	\$348,002	\$1,877,233
Effect of exchange rate on cash	\$-	\$-	\$(7,616)
Cash, beginning	\$-	\$-	\$321,270
Cash, end	\$2	\$321,270	\$380,344

### Capital Management

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1 to the consolidated financial statements, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year presented. The Company is not subject to externally imposed capital requirement.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the periods presented. The Company is not subject to externally imposed capital requirement.

### Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Transactions between Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended June 30, 2020 the Company issued 2,500,000 common shares to former directors of the Company at a price of \$0.02 per share pursuant to debt settlement agreements for total consideration of \$50,000. The consideration consisted of \$40,685 in unpaid consulting fees and \$9,315 of costs incurred on behalf of the Company. Of the total, \$22,500 related to Amandeep Gill and \$18,185 related to Gurinder Sandhu. The consulting fees were paid in the normal course of operations for consulting services rendered.

During the year ended June 30, 2020 the Company recorded share-based compensation totaling \$8,027 which was related to the issuance of 3,500,000 options to directors and contractors acting in the capacity of management and was related to the following individuals: Amandeep Gill – former Director, \$1,548, Gurinder Sandhu – former Director \$1,548, David Kerbel – CEO \$1,032, Robert Payment, CFO - \$688, Warren Spence – Director \$1,147. David Lubotta - Director \$1,032, Mike Hart - former President \$1,032.

During the period ended December 31, 2020 the Company recorded share-based compensation totaling \$61,220 which was related to options vested and the issuance of 1,450,000 options to directors and officers and was related to the following individuals: Amandeep Gill – former Director, \$21,430, Gurinder Sandhu – former Director \$21,430, David Kerbel – CEO \$537, Robert Payment, CFO – 9,877, Warren Spence – Director \$596. David Lubotta - Director \$537, Mike Hart - former President \$537, Scott Eldridge – Director \$6,276.

During the six-month period ended December 31, 2020 and the year ended June 30, 2020 the Company entered the following transactions with key management personnel:

	December 31, 2020	June 30, 2020
Consulting services – David Kerbel, CEO	\$33,400	\$6,935
Consulting services – Mike Hart, former president	\$22,500	\$Nil
Consulting services – Gurinder Sandhu, former Director	\$62,500	\$18,185
Consulting services – Amandeep Gill, former Director	\$62,500	\$22,500
Shares issued for services – David Kerbel, CEO	\$20,000	\$Nil

	December 31, 2020	June 30, 2020
Shares issued for services – Robert Payment, CFO	\$10,000	\$Nil
Shares issued for services – Warren Spence, Director	\$20,000	\$Nil
Shares issued for services – Gurinder Sandhu, former director	\$40,000	\$Nil
Shares issued for services – Amandeep Gill, former director	\$40,000	\$Nil
<b>Total:</b>	<b>\$310,900</b>	<b>\$47,620</b>

### Proposed Transactions

None.

### Critical Accounting Estimates, Assumptions, and Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, and contingent liabilities, and the reported amounts of revenues during the relevant reporting period. Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Company’s critical accounting estimates, assumptions, and judgements are detailed below.

#### *Share-based payments*

The Company utilizes the Black-Scholes Option Pricing Model (“**Black-Scholes**”) to estimate the fair value of the Company’s Common Share purchase warrants (“**Warrants**”) and incentive stock options (“**Options**”) granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value; however, the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry as it presented a reasonable analogy of an emerging consumer product segment. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

### Changes in Accounting Policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date later than July 1, 2020. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

### Financial Instruments and Financial Risk Management

#### **Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a Level 1 fair value measurement. The recorded values of receivables, loans receivable, due to related parties, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

### ***Financial risk management***

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of cash.

#### *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020 and December 31, 2020, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would not have a significant impact on profit or loss for the period. The Company does not undertake currency-hedging activities to mitigate its foreign currency risk.

### **ADDITIONAL DISCLOSURE FOR IPO VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The following table sets out the following material components for the period from incorporation on May, 6, 2019 to June 30, 2020, and for the six-month period ended December 31, 2020:

<b>Item</b>	<b>Period from incorporation on May 6, 2019 to June 30, 2019 (Audited)</b>	<b>Year ended June 30, 2020 (Audited)</b>	<b>Six-month period ended December 31, 2020 (Unaudited)</b>
Exploration and evaluation assets or expenditures	\$Nil	\$Nil	\$Nil

Item	Period from incorporation on May 6, 2019 to June 30, 2019 (Audited)	Year ended June 30, 2020 (Audited)	Six-month period ended December 31, 2020 (Unaudited)
Expensed research and development costs	\$Nil	\$Nil	\$Nil
Intangible assets arising from development	\$Nil	\$Nil	\$Nil
General and administrative expenses	\$Nil	\$10,848	\$108,374
Other material costs not referred to in the above categories, whether expensed or recognized as assets	\$Nil	\$130,092	\$1,914,058
<b>Total</b>	<b>\$Nil</b>	<b>\$140,940</b>	<b>\$2,022,432</b>

#### ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

As set out in the “Use of Proceeds”, if the Offering is completed, the Company anticipates having unallocated working capital of \$826,020 after deducting estimated budgeted business objectives and milestone costs of \$3,794,000 and the budgeted general and administrative expenses of \$1,564,680.

The proceeds of the Offering are expected to fund operations for 12 months following the completion of the Offering. The Company expects the general and administrative costs and budgeted milestone costs outlined in the “Use of Proceeds” will be sufficient to achieve the objectives and milestones established by management. There are no other material capital expenditures currently contemplated by management.

#### OUTSTANDING SHARE DATA

Details of the Company’s capitalization are as follows:

	Date of Prospectus	December 31, 2020	June 30, 2020
Common shares	35,780,000	35,780,000	20,250,200
Warrants	4,412,500	4,412,500	-
RSUs	900,000	900,000	900,000
Options	7,312,500	6,762,500	5,300,000

#### SUBSEQUENT EVENTS

Subsequent to June 30, 2020, the Company completed the following transactions:

- a) The Company completed a private placement of 3,450,000 Common Shares at a price of \$0.02 per share for gross proceeds of \$69,000.
- b) The Company acquired product formulations for total consideration of 1,500,000 Common Shares with a fair value of \$0.02 per share for an aggregate fair value of \$30,000. Of the 1,500,000 Common Shares issued, 1,375,000 were issued to former directors of the Company.

- c) The Company completed a private placement of 8,825,000 units at a price of \$0.10 per unit for gross proceeds of \$882,500. Each unit consists of one Common Share and one-half warrant exercisable at a price of \$0.45 for a period of two years from closing.
- d) The Company issued 1,380,000 Common Shares for services at a fair value of \$0.10 per share for total consideration of \$138,000. Of the Common shares issued, 1,300,000 were issued to directors and officers of the Company.
- e) The Company issued Options to acquire 2,225,000 Common Shares at an exercise price of \$0.30 per share for a period of five years. The Options vest  $\frac{1}{4}$  three months from grant and  $\frac{1}{4}$  every three months thereafter.
- f) The Company completed a financing of Convertible Notes in the aggregate Principal Amount of \$950,402. The Convertible Notes automatically convert into Convertible Note Units upon the earlier of: (i) the Company receiving a receipt for its final Prospectus in this Offering from the securities regulatory authorities in each of the jurisdictions in which the Company files the Prospectus; or (ii) the Maturity Date of the Convertible Notes. Upon conversion, each Convertible Note Unit will be comprised of one Convertible Note Unit Share and one-half of one non-transferable Convertible Note Unit Warrant. Each whole Convertible Note Unit Warrant entitles the holder thereof to purchase one additional Convertible Note Unit Warrant Share at the Exercise Price for a period of 24 months from the date of issuance. The Company will not receive any additional proceeds upon the automatic conversion of the Convertible Notes. No commission or fee was paid by the Company with respect to the issue of the Convertible Notes and no commission or fee will be payable by the Company in connection with the issuance of the Convertible Note Units.
- g) The Company issued 375,000 common shares in relation to the exercise of stock options for gross proceeds of \$37,500.
- h) The Company collected \$20,000 in subscriptions receivable, meaning the funds for the issuance of Common Shares under a subscription agreement were not received until after the period end.
- i) The Company cancelled 200 Common Shares.
- j) The Company cancelled Options to acquire 1,087,500 Common Shares at an exercise price of \$0.10 per share for a period of five years.
- k) The Company amended the price of Options to acquire 1,650,000 Common Shares from an exercise price of \$0.10 to \$0.30
- l) The Company issued Options to acquire 700,000 Common Shares at an exercise price of \$0.30 per share for a period of five years. The Options vest  $\frac{1}{4}$  three months from grant and  $\frac{1}{4}$  every three months thereafter.
- m) The Company issued 550,000 Options exercisable at a price of \$0.30 per share for a period of five years. One quarter vest three months from grant and one additional quarter vests every three months thereafter.

#### **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



## DESCRIPTION OF THE SECURITIES DISTRIBUTED

This Prospectus qualifies the distribution of 17,391,305 Offered Units. Each Offered Unit is comprised of one Unit Share and one-half of one Unit Warrant. Each full Unit Warrant entitles the holder thereof to acquire one Unit Warrant Share at the Exercise Price until the Expiry Date, subject to Acceleration. The Unit Warrants will be governed by the terms of the Warrant Indenture to be entered into on or before the Closing Date between the Company and the Warrant Agent. This Prospectus also qualifies the distribution of the Unit Warrant Shares issuable upon exercise of the Unit Warrants, the Over-Allotment Option and up to 2,608,695 Over-Allotment Units, the Over-Allotment Unit Warrant Shares issuable on exercise of the Unit Warrants included in the Over-Allotment Units, the Underwriters' Warrants, the Underwriters' Warrant Units and the Underwriters' Warrant Unit Shares.

The Prospectus also qualifies the distribution of 3,183,083 Convertible Note Units, consisting of 3,183,083 Convertible Note Unit Shares and 1,591,528 Convertible Note Unit Warrants, issuable for no additional consideration upon Conversion of the Convertible Notes at a deemed price of the Offering Price. Each Convertible Note Unit is comprised of one Convertible Note Unit Share and one-half of one Convertible Note Unit Warrant exercisable at a price of \$0.60 for two years. This Prospectus also qualifies the distribution of the Convertible Note Unit Warrant Shares issuable upon exercise of the Convertible Note Unit Warrants.

### Authorized Capital

The authorized capital of the Company consists of an unlimited amount of Common Shares without par value, of which 35,780,000 Common Shares are issued and outstanding as at the date of this Prospectus. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares are entitled to receive such dividends in any financial year as the Board of Directors of the Company may determine by resolution.

### Warrant Indenture

The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the executed Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Unit Warrants which, following the closing of the Offering: (i) will be filed on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com); and (ii) may be obtained on request without charge from the Chief Financial Officer of the Company by sending a written request to 151 West Hastings Street, Vancouver, British Columbia, V6B 1H4, telephone 604-868-1669. A register of holders will be maintained at the Warrant Agent's principal offices in Vancouver, British Columbia.

The Warrant Indenture is expected to provide that the number of Common Shares which may be acquired by a holder of Unit Warrants upon the exercise thereof will be subject to appropriate adjustment upon the occurrence of certain events including any subdivision, consolidation, or reclassification of the shares, payment of dividends outside of the ordinary course, or amalgamation/merger of the Company.

No fractional Unit Warrant Shares will be issuable to any holder of Unit Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional Unit Warrant Shares. The holding of Unit Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Unit Warrant Shares except as expressly provided in the Warrant Indenture. Holders of Unit Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Company is also expected to covenant in the Warrant Indenture, during the period in which the Unit Warrants are exercisable, to give notice to holders of Unit Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Unit Warrants or the number of Unit Warrant Shares issuable upon exercise of the Unit Warrants, at least fourteen (14) days prior to the record date or effective date, as the case may be, of such event. The Warrant Indenture is expected to provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Unit Warrants, may be able to amend or

supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on counsel, the rights of the holders of Unit Warrants are not prejudiced, as a group.

The Warrant Indenture is also expected to contain provisions making binding upon all holders of Unit Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Unit Warrants holding a specified percentage of the Unit Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, is expected to be subject to approval by an "Extraordinary Resolution", which is expected to be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Unit Warrants at which there are holders of Unit Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Unit Warrants and passed by the affirmative vote of holders of Unit Warrants representing not less than 66 ⅔% of the aggregate number of all the then outstanding Unit Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Unit Warrants representing not less than 66⅔% of the number of all of the then outstanding Unit Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Unit Warrants may be surrendered for exercise or transfer.

#### Right of Rescission for Convertible Note Units

The Company has granted to each holder of Convertible Notes a contractual right of rescission of the prospectus-exempt transaction under which the Convertible Notes were initially acquired. The contractual right of rescission provides that if a holder of a Convertible Note who acquires Convertible Note Unit Shares and the Convertible Note Unit Warrants upon conversion of the Convertible Note as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, then:

- (a) the holder is entitled to a full refund from the Company of all consideration paid to the Company upon the acquisition of the Convertible Note; and
- (b) if the holder is a permitted assignee of the interest of the original Convertible Note subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

#### CONSOLIDATED CAPITALIZATION

The following table summarizes changes in the Company's capitalization as at December 31, 2020, as of the date of this Prospectus, and following completion of the Offering and the Conversion:

	As at December 31, 2020	As at the date hereof	After giving effect to the Offering and the Conversion
Common Shares	35,780,000 Common Shares	35,780,000 Common Shares	59,963,083 Common Shares <sup>(1)</sup>
Options	6,762,500	7,312,500	7,312,500
Warrants	4,412,500	4,412,500	17,404,028 <sup>(1)</sup>
Convertible Notes	29 Convertible Notes convertible into 3,183,083 Convertible Note Units	29 Convertible Notes convertible into 3,183,083 Convertible Note Units	Nil
Restricted Share Units	900,000	900,000	900,000

	As at December 31, 2020	As at the date hereof	After giving effect to the Offering and the Conversion
Performance Share Units	Nil	Nil	Nil
Deferred Share Units	Nil	Nil	Nil

(1) Assuming the Over-Allotment Option is exercised in full.

#### OPTIONS TO PURCHASE SECURITIES

The following tables summarizes information about the options to purchase securities of the Company that are held as of the date hereof:

Name of Option holder and position	Number of Stock Options as of September 30, 2020	Number of Stock Options as of the date hereof	Exercise Price	Vesting and Expiry	Market Value at Grant Date	Market Value at date hereof (*)
David Kerbel CEO, Director	450,000	450,000	\$0.10	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grant on June 23, 2020.	-	\$90,000
Robert Payment, CFO	300,000	450,000	\$0.30	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grants on June 23, 2020 (300,000) and October 8, 2020 (150,000).	-	-
David Lubotta, Director, Non-Executive Chairman	450,000	450,000	\$0.10	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grant on June 23, 2020.	-	\$90,000
Warren Spence, Director	500,000	500,000	\$0.10	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grant on June 23, 2020.	-	\$100,000
Scott Eldridge, Director		100,000	\$0.30	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grant on October 8,	-	-

Name of Option holder and position	Number of Stock Options as of September 30, 2020	Number of Stock Options as of the date hereof	Exercise Price	Vesting and Expiry	Market Value at Grant Date	Market Value at date hereof (*)
				2020.		
Amandeep Gill, Former Director	675,000	1,275,000	\$0.30	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grants on June 23, 2020 (675,000), October 8, 2020 (250,000) and November 24, 2020 (350,000).	-	-
Gurinder Sandhu, Former Director	675,000	1,275,000	\$0.30	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grants on June 23, 2020 (675,000), October 8, 2020 (250,000) and November 24, 2020 (350,000).	-	-
Michael Hart, Former President	450,000	112,500	\$0.10	All Options held have vested (112,500). Remaining Options cancelled on November 30, 2020 (387,500).	-	\$22,500
All other employees or past employees	-	-	-	-	-	-
All other consultants	1,800,000	2,700,000	\$0.10 (675,000) and \$0.30 (2,025,000)	1/4 three months from grant, 1/4 every three months thereafter, expiry 5 years from date of grants on June 23, 2020 (675,000) and October 8, 2020 (1,475,000) and February 1, 2021 (550,000).	-	\$135,000
<b>Total:</b>	<b>5,300,000</b>	<b>7,312,500</b>				<b>\$437,500</b>

\*Deemed market value of \$0.20 each being equal to the intrinsic value of Options relative to Offering Price.

On June 23, 2020, the Board passed a resolution to adopt the Long Term Incentive Plan. The Long Term Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of Options, restricted share units (“**RSUs**”), performance share units (“**PSUs**”) and deferred share units (“**DSUs**”), as described in further detail below. The purpose of the Long Term Incentive Plan is to, among other things, provide the Company with a share related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and to reward such of those directors, employees and consultants as may be granted awards under the Long Term Incentive Plan by the Board from time to time for their contributions toward the long-term goals and success of the Company and to enable and encourage such directors, employees and consultants to acquire Common Shares as long-term investments and proprietary interests in the Company.

### **Key Terms of the Equity Incentive Plan**

#### *Shares Subject to the Long Term Incentive Plan*

Long Term Incentive Plan is a rolling plan which, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Common Shares), provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the Long Term Incentive Plan shall not exceed 25% of the Company’s issued and outstanding Common Shares from time to time, such number being 35,780,500 as at the date of this Prospectus. The Long Term Incentive Plan is considered an “evergreen” plan, since the Common Shares covered by awards which have been exercised, settled or terminated shall be available for subsequent grants under the Long Term Incentive Plan and the number of awards available to grant increases as the number of issued and outstanding Common Shares increases.

#### *Insider Participation Limit*

The Long Term Incentive Plan also provides that the aggregate number of Common Shares (a) issuable to insiders at any time (under all of the Company’s security-based compensation arrangements) cannot exceed 10% of the Company’s issued and outstanding Common Shares and (b) issued to insiders within any one year period (under all of the Company’s security-based compensation arrangements) cannot exceed 10% of the Company’s issued and outstanding Common Shares.

Furthermore, the Long Term Incentive Plan provides that (i) the Company shall not make grants of awards to non-employee directors if, after giving effect to such grants of awards, the aggregate number of Common Shares issuable to non-employee directors, at the time of such grant, under all of the Company’s security based compensation arrangements would exceed 1% of the issued and outstanding Common Shares on a non-diluted basis, and (ii) within any one financial year of the Company, (a) the aggregate fair value on the date of grant of all Options granted to any one non-employee director shall not exceed \$100,000, and (b) the aggregate fair market value on the date of grant of all awards (including, for greater certainty, the fair market value of the Options) granted to any one non-employee director under all of the Company’s security based compensation arrangements shall not exceed \$150,000; provided that such limits shall not apply to (i) awards taken in lieu of any cash retainer or meeting director fees, and (ii) a one-time initial grant to a non-employee director upon such non-employee director joining the Board.

Any Common Shares issued by the Company through the assumption or substitution of outstanding Options or other equity-based awards from an acquired company shall not reduce the number of Common Shares available for issuance pursuant to the exercise of awards granted under the Long Term Incentive Plan.

#### *Administration of the Long Term Incentive Plan*

The Plan Administrator (as defined in the Long Term Incentive Plan) is determined by the Board, and is initially the Board. The Long Term Incentive Plan may in the future continue to be administered by the Board itself or delegated to a committee of the Board. The Plan Administrator determines which directors, officers, consultants

and employees are eligible to receive awards under the Long Term Incentive Plan, the time or times at which awards may be granted, the conditions under which awards may be granted or forfeited to the Company, the number of Common Shares to be covered by any award, the exercise price of any award, whether restrictions or limitations are to be imposed on the Common Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Plan Administrator may determine.

In addition, the Plan Administrator interprets the Long Term Incentive Plan and may adopt guidelines and other rules and regulations relating to the Long Term Incentive Plan, and make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Long Term Incentive Plan.

### *Eligibility*

All directors, employees and consultants are eligible to participate in the Long Term Incentive Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Long Term Incentive Plan will be determined in the sole and absolute discretion of the Plan Administrator.

### *Types of Awards*

Awards of Options, RSUs, PSUs and DSUs may be made under the Long Term Incentive Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Long Term Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Long Term Incentive Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Common Shares issued pursuant to awards.

### Options

An Option entitles a holder thereof to purchase a prescribed number of treasury Common Shares at an exercise price set at the time of the grant. The Plan Administrator will establish the exercise price at the time each Option is granted, which exercise price must in all cases be the greater of the closing market price of the Common Shares on (i) the trading day prior to the date of grant and (ii) the date of grant, and as otherwise required pursuant to the policies of the any stock exchange on which the Common Shares are listed (the "**Market Price**"). Subject to any accelerated termination as set forth in the Long Term Incentive Plan, each Option expires on its respective expiry date. The Plan Administrator will have the authority to determine the vesting terms applicable to grants of Options. Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator or as otherwise set forth in any written employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and the participant. The Plan Administrator has the right to accelerate the date upon which any Option becomes exercisable. The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in the Long Term Incentive Plan, such as vesting conditions relating to the attainment of specified performance goals.

Unless otherwise specified by the Plan Administrator at the time of granting an Option and set forth in the particular award agreement, an exercise notice must be accompanied by payment of the exercise price. Subject to the policies of any stock exchange on which the Common Shares are listed, a participant may, in lieu of exercising an Option pursuant to an exercise notice, elect to surrender such Option to the Company (a "**Cashless Exercise**") in consideration for an amount from the Company equal to (i) the Market Price of the Common Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the Option (or portion thereof) surrendered relating to such Common Shares (the "**In-the-Money Amount**") by written notice to the Company indicating the number of Options such participant wishes to exercise using the Cashless Exercise, and such other information that the Company may require. Subject to the provisions of the Long Term Incentive Plan and the policies of any stock exchange on which the Common

Shares are listed, the Company will satisfy payment of the In-the-Money Amount by delivering to the participant such number of Common Shares having a fair market value equal to the In-the-Money Amount.

#### Restricted Share Units

An RSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or the value thereof) for each RSU after a specified vesting period. The Plan Administrator may, from time to time, subject to the provisions of the Long Term Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the “**RSU Service Year**”).

The number of RSUs (including fractional RSUs) granted at any particular time under the Long Term Incentive Plan will be calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in RSUs, as determined by the Plan Administrator, by (b) the greater of (i) the Market Price of a Common Share on the date of grant and (ii) such amount as determined by the Plan Administrator in its sole discretion. The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that the terms comply with Section 409A of the U.S. Internal Revenue Code, to the extent applicable.

Upon settlement, holders will redeem each vested RSU for the following at the election of such holder but subject to the approval of the Plan Administrator: (a) one fully paid and non-assessable Common Share in respect of each vested RSU, (b) a cash payment or (c) a combination of Common Shares and cash. Any such cash payments made by the Company shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date. Subject to the provisions of the Long Term Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any RSU shall occur, and no Common Share shall be issued or cash payment shall be made in respect of any RSU any later than the final business day of the third calendar year following the applicable RSU Service Year.

#### Performance Share Units

A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company, which entitles the holder to receive one Common Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Plan Administrator, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the effect of termination of a participant’s service and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable award agreement. The Plan Administrator may, from time to time, subject to the provisions of the Long Term Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the “**PSU Service Year**”).

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs. Upon settlement, holders will redeem each vested PSU for the following at the election of such holder but subject to the approval of the Plan Administrator: (a) one fully paid and non-assessable Common Share in respect of each vested PSU, (b) a cash payment, or (c) a combination of Common Shares and cash. Any such cash payments made by the Company to a participant shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Share as at the settlement date. Subject to the provisions of the Long Term Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any PSU shall occur, and no Common Share shall be issued or cash payment shall be made in respect of any PSU any later than the final business day of the third calendar year following the applicable PSU Service Year.

#### Deferred Share Units

A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or, at the election of the holder and subject to the approval of the Plan Administrator, the cash value thereof) for each DSU on a future date. The Board may fix from time to time a portion of the total compensation (including annual retainer) paid by the Company to a director in a calendar year for service on the Board (the “**Director Fees**”) that are to be payable in the form of DSUs. In addition, each director is given, subject to the provisions of the Long Term Incentive Plan, the right to elect to receive a portion of the cash Director Fees owing to them in the form of DSUs.

Except as otherwise determined by the Plan Administrator or as set forth in the particular award agreement, DSUs shall vest immediately upon grant. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of Director Fees that are to be paid in DSUs, as determined by the Plan Administrator, by (b) the Market Price of a Share on the date of grant. Upon settlement, holders will redeem each vested DSU for: (a) one fully paid and non-assessable Common Share issued from treasury in respect of each vested DSU, or (b) at the election of the holder and subject to the approval of the Plan Administrator, a cash payment on the date of settlement. Any cash payments made under the Long Term Incentive Plan by the Company to a participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.

#### *Dividend Equivalents*

Except as otherwise determined by the Plan Administrator or as set forth in the particular award agreement, RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, as applicable, as of each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of RSUs, PSUs and DSUs, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.

#### *Black-out Periods*

In the event an award expires, at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of the Company exists, the expiry of such award will be the date that is 10 business days after which such scheduled blackout terminates or there is no longer such undisclosed material change or material fact.

#### *Term*

While the Long Term Incentive Plan does not stipulate a specific term for awards granted thereunder, as discussed below, awards may not expire beyond 10 years from its date of grant, except where shareholder approval is received or where an expiry date would have fallen within a blackout period of the Company. All awards must vest and settle in accordance with the provisions of the Long Term Incentive Plan and any applicable award agreement, which award agreement may include an expiry date for a specific award.

#### *Termination of Employment or Services*

The following table describes the impact of certain events upon the participants under the Long Term Incentive Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant’s applicable employment agreement, award agreement or other written agreement:



Event	Provisions
<b>Termination for Cause/Resignation</b>	<ul style="list-style-type: none"> <li>Any Option or other award held by the participant that has not been exercised, surrendered or settled as of the Termination Date (as defined in the Long Term Incentive Plan) shall be immediately forfeited and cancelled as of the Termination Date.</li> </ul>
<b>Termination without Cause</b>	<ul style="list-style-type: none"> <li>A portion of any unvested Options or other awards shall immediately vest, such portion to be equal to the number of unvested Options or other awards held by the participant as of the Termination Date multiplied by a fraction the numerator of which is the number of days between the date of grant and the Termination Date and the denominator of which is the number of days between the date of grant and the date any unvested Options or other awards were originally scheduled to vest. Any vested Options may be exercised by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such Option; and (B) the date that is 90 days after the Termination Date. If an Option remains unexercised upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested award other than an Option, such award will be settled within 90 days after the Termination Date.</li> </ul>
<b>Disability</b>	<ul style="list-style-type: none"> <li>Any award held by the participant that has not vested as of the date of such participant's Termination Date shall vest on such date. Any vested Option may be exercised by the participant at any time until the expiry date of such Option. Any vested award other than an Option will be settled within 90 days after the Termination Date.</li> </ul>
<b>Death</b>	<ul style="list-style-type: none"> <li>Any award that is held by the participant that has not vested as of the date of the death of such participant shall vest on such date. Any vested Option may be exercised by the participant's beneficiary or legal representative (as applicable) at any time during the period that terminates on the earlier of: (a) the expiry date of such Option, and (b) the first anniversary of the date of the death of such participant. If an Option remains unexercised upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested award other than an Option, such award will be settled with the participant's beneficiary or legal representative (as applicable) within 90 days after the date of the participant's death</li> </ul>
<b>Retirement</b>	<ul style="list-style-type: none"> <li>Any (i) outstanding award that vests or becomes exercisable based solely on the participant remaining in the service of the Company or its subsidiary will become 100% vested, and (ii) outstanding award that vests based on the achievement of Performance Goals (as defined in the Long Term Incentive Plan) that has not previously become vested shall continue to be eligible to vest based upon the actual achievement of such Performance Goals. Any vested Option may be exercised by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such Option; and (B) the third anniversary of the participant's date of retirement. If an Option remains unexercised upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested award other than an Option that is described in (i), such award will be settled within 90 days after the participant's retirement. In the case of a vested award other than an Option that is described in (ii), such award will be settled at the same time the award would otherwise have been settled had the participant remained in active service with the Company or its subsidiary. Notwithstanding the foregoing, if, following his or her retirement, the participant commences (the "Commencement Date") employment, consulting or acting as a director of the Company or any of its subsidiaries (or in an analogous capacity) or otherwise as a service provider to any person that carries on or proposes to carry on a business competitive with the Company or any of its subsidiaries, any Option or other award held by the participant that has not been exercised or settled as of the Commencement Date shall be immediately forfeited and cancelled as of the Commencement Date.</li> </ul>

### *Change in Control*

Under the Long Term Incentive Plan, except as may be set forth in an employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and a participant:

- (a) If within 12 months following the completion of a transaction resulting in a Change in Control (as defined below), a participant's employment, consultancy or directorship is terminated by the Company or a subsidiary of the Company without Cause (as defined in the Long Term Incentive Plan), without any action by the Plan Administrator:
  - i. any unvested awards held by the participant at Termination Date shall immediately vest; and
  - ii. any vested awards may be exercised, surrendered to the Company, or settled by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such award; and (B) the date that is 90 days after the Termination Date. Any award that has not been exercised, surrendered or settled at the end of such period being immediately forfeited and cancelled.
- (b) Unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Common Shares will cease trading on the Canadian Securities Exchange, the Company may terminate all of the awards, other than an Option held by a participant that is a resident of Canada for the purposes of the Income Tax Act (Canada), granted under the Long Term Incentive Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Award equal to the fair market value of the Award held by such participant as determined by the Plan Administrator, acting reasonably, provided that any vested awards granted to U.S. Taxpayers (as defined in the Long Term Incentive Plan) will be settled within 90 days of the Change in Control.

Subject to certain exceptions, a "**Change in Control**" includes (a) any transaction pursuant to which a person or group acquires more than 50% of the outstanding Common Shares, (b) the sale of all or substantially all of the Company's assets, (c) the dissolution or liquidation of the Company, (d) the acquisition of the Company via consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, (e) individuals who comprise the Board at the last annual meeting of shareholders (the "**Incumbent Board**") cease to constitute at least a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, in which case such new director shall be considered as a member of the Incumbent Board, or (f) any other event which the Board determines to constitute a change in control of the Company.

### *Non-Transferability of Awards*

Except as permitted by the Plan Administrator and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or as required by law, no assignment or transfer of awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such awards will terminate and be of no further force or effect. To the extent that certain rights to exercise any portion of an outstanding award pass to a beneficiary or legal representative upon the death of a participant, the period in which such award can be exercised by such beneficiary or legal representative shall not exceed one year from the participant's death.

### *Amendments to the Long Term Incentive Plan*

The Plan Administrator may also from time to time, without notice and without approval of the holders of voting Common Shares, amend, modify, change, suspend or terminate the Long Term Incentive Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that (a) no such amendment,

modification, change, suspension or termination of the Long Term Incentive Plan or any award granted pursuant thereto may materially impair any rights of a participant or materially increase any obligations of a participant under the Long Term Incentive Plan without the consent of such participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (b) any amendment that would cause an award held by a U.S. Taxpayer to be subject to the income inclusion under Section 409A of the United States Internal Revenue Code, as amended, shall be null and void ab initio.

Notwithstanding the above, and subject to the rules of any applicable stock exchange, the approval of shareholders is required to effect any of the following amendments to the Long Term Incentive Plan:

1. increasing the number of Common Shares reserved for issuance under the Long Term Incentive Plan, except pursuant to the provisions in the Long Term Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
2. increasing or removing the 10% limits on Common Shares issuable or issued to insiders;
3. reducing the exercise price of an option award (for this purpose, a cancellation or termination of an award of a participant prior to its expiry date for the purpose of reissuing an award to the same participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an award) except pursuant to the provisions in the Long Term Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
4. extending the term of an Option award beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the participant or within 10 business days following the expiry of such a blackout period);
5. permitting an Option award to be exercisable beyond 10 years from its date of grant (except where an expiry date would have fallen within a blackout period);
6. increasing or removing the limits on the participation of non-employee directors;
7. permitting awards to be transferred to a person;
8. changing the eligible participants; and
9. deleting or otherwise limiting the amendments that require approval of the shareholders.

Except for the items listed above, amendments to the Long Term Incentive Plan will not require shareholder approval. Such amendments include (but are not limited to): (a) amending the general vesting provisions of an award, (b) amending the provisions for early termination of awards in connection with a termination of employment or service, (c) adding covenants of the Company for the protection of the participants, (d) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (e) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

#### *Anti-Hedging Policy*

Participants are restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of awards granted to them.

## Incentive Equity Awards and Options Granted

On June 23, 2020, pursuant to certain Option agreements, the Company granted 5,300,000 Options under the Company's Long Term Incentive Plan to certain consultants of the Company. The Options are exercisable at a price of \$0.10 per Common Share and expire 5 years from the date of grant, on June 23, 2025. The options vest according to the following schedule: 25% on September 23, 2020; 25% on December 23, 2020; 25% on March 23, 2021; and 25% on June 23, 2021.

Also on June 23, 2020, pursuant to an RSU award agreement with a key consultant, the Company granted 900,000 RSUs under the Company's Long Term Incentive Plan. The RSUs vest as to 20% on January 1, 2021; 20% on April 1, 2021; 20% on July 1, 2021; 20% on October 1, 2021; and 20% on January 1, 2022.

On October 8, 2020, pursuant to certain Option agreements, the Company granted 2,225,000 Options under the Company's Long Term Incentive Plan to certain consultants of the Company. The Options are exercisable at a price of \$0.30 per Common Share and expire 5 years from the date of grant, on October 8, 2025. The options vest as to 25% on January 8, 2021; 25% on April 8, 2021; 25% on July 8, 2021; and 25% on October 8, 2021.

On November 24, 2020, pursuant to certain Option agreements, the Company granted 700,000 Options under the Company's Long Term Incentive Plan to certain consultants of the Company. The Options are exercisable at a price of \$0.30 per Common Share and expire 5 years from the date of grant, on November 24, 2025. The options vest as to 25% on February 24, 2021; 25% on May 24, 2021; 25% on August 24, 2021; and 25% on November 24, 2021.

On February 1, 2021, pursuant to certain Option agreements, the Company granted 550,000 Options under the Company's Long Term Incentive Plan to certain consultants of the Company. The Options are exercisable at a price of \$0.30 per Common Share and expire 5 years from the date of grant, on February 1, 2026. The options vest as to 25% on May 1, 2021; 25% on August 1, 2021; 25% on November 1, 2021; and 25% on February 1, 2022.

## PRIOR SALES

Since incorporation on May 6, 2019, the Company has completed the following distributions of its securities:

Date of Issuance	Price per Security	Shares Issued	Warrants Issued	Nature of Issuance and Notes
May 6, 2020	\$0.02	1,000,000	-	(1) Private placement of Common Shares (2) Company anticipates that all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement
June 17, 2020	\$0.02	2,500,000	-	(1) Common Shares issued as consideration for services provided (2) Company anticipates that all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement
June 23, 2020	\$0.02	16,750,000	-	(1) Private placement of Common Shares (2) Company anticipates that all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement
July 2, 2020	\$0.02	600,000	-	(1) Private placement of Common Shares (2) Company anticipates all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement

Date of Issuance	Price per Security	Shares Issued	Warrants Issued	Nature of Issuance and Notes
July 7, 2020	\$0.02	2,100,000	-	(1) Private placement of Common Shares (2) Company anticipates that all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement
July 20, 2020	\$0.02	750,000	-	(1) Private placement of Common Shares (2) Company anticipates that all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement
July 20, 2020	\$0.02	1,500,000	-	(1) Common Shares issued as consideration for assets (2) Company anticipates that all non-principal shareholders from this issuance will be subject to the terms of the Voluntary Escrow Agreement
August 18, 2020	\$0.10	7,175,000	3,587,500	(1) Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant (2) The Warrants expire August 18, 2022 and each full Warrant is exercisable at a price of \$0.45 per Warrant Share (3) Subject to the Voluntary Hold Period
August 28, 2020	\$0.10	550,000	275,000	(1) Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant (2) The Warrants expire August 28, 2022 and each full Warrant is exercisable at a price of \$0.45 per Warrant Share (3) Subject to the Voluntary Hold Period
September 2, 2020	\$0.10	1,000,000	500,000	(1) Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant (2) The Warrants expire September 2, 2022 and each full Warrant is exercisable at a price of \$0.45 per Warrant Share (3) Subject to Voluntary Hold Period
September 8, 2020	\$0.10	1,380,000	-	(1) Common Shares issued as consideration for services provided
September 18, 2020	\$0.10	100,000	50,000	(1) Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant (2) The Warrants expire September 18, 2022 and each full Warrant is exercisable at a price of \$0.45 per Warrant Share (3) Subject to Voluntary Hold Period
September 30, 2020, as amended November 25, 2020	\$0.30	3,183,083	1,591,528	(1) Private placement of Convertible Notes in aggregate Principal Amounts of \$950,402 (2) Principal Amounts of Convertible Notes, plus accrued Interest at 6% per annum commencing January 28, 2021, automatically convert at the

Date of Issuance	Price per Security	Shares Issued	Warrants Issued	Nature of Issuance and Notes
				Offering Price into Convertible Note Units on earlier of: (a) Maturity Date on March 30, 2021, and (b) Company receiving a receipt for its final Prospectus in the Offering (3) Each Convertible Note Unit comprised of one Common Share and one-half Common share purchase Warrant (4) The Warrants expire September 18, 2022 and each full Warrant is exercisable at a price of \$0.45 per Warrant Share
October 23, 2020	\$0.10	62,500	-	(1) Common Shares issued upon exercise of Stock Options
November 26, 2020	\$0.10	125,000	-	(1) Common Shares issued upon exercise of Stock Options
December 24, 2020	\$0.10	62,500	-	(1) Common Shares issued upon exercise of Stock Options
December 24, 2020	\$0.10	125,000	-	(1) Common Shares issued upon exercise of Stock Options

#### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

##### Escrowed Securities

Pursuant to NP 46-201, securities held by Principals (as defined herein) are required to be held in escrow for a period of time in accordance with the escrow regime applicable to initial public offerings, in order to provide an incentive for Principals to devote their time and attention to the business while they are securityholders. A Principal that holds securities carrying less than 1% of the voting rights attached to an issuer's outstanding securities immediately after its IPO is not subject to escrow requirements.

Under NP 46-201, a "Principal" is defined as:

- (a) a person or company who acted as a promoter of the issuer within two years before the IPO prospectus;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO; or
- (d) a 10% holder – a person or company that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO, and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

The Principals of the Company for the purpose of NP 46-201 are David Kerbel, Robert Payment, Warren Spence, David Lubotta and Scott Eldridge (collectively, the “**Principal Escrow Holders**”).

Policy 2 – Qualifications for Listing of the CSE (the “**CSE Policy**”) requires that generally, all securities issued to Related Persons (as defined in the CSE Policy) be subject to an escrow agreement pursuant to NP 46-201. In addition, the underlying Common Shares of the Options exercisable at \$0.10 and granted on June 23, 2020 to Stacey Gillespie, Jesse Gould, Scott Naccarato, Mario Boscarino and Mark Scappaticci will be subject to the escrow release schedule set forth in NP 46-201 (collectively referred to in this section as the “**Non-Principal Escrow Holders**”).

In accordance with applicable securities rules and the CSE Policies, the Principal Escrow Holders and their respective affiliates, as applicable, who hold Common Shares will execute an escrow agreement with the Company and the Escrow Agent (the “**Escrow Agreement**”) in respect of an aggregate of 1,200,000 Common Shares. The Escrow Agreement will be filed under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) upon listing. In accordance with CSE Policies, a total of 2,875,000 Options are also subject to escrow with releases schedule at periods specified under NP 46-201.

The following table sets out the Common Shares that are expected to be deposited into escrow with the Escrow Agent (the “**Escrowed Securities**”) pursuant to the Escrow Agreement and the Options that have underlying Common Shares subject to escrow requirements in accordance with CSE Policy:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class before the Offering and the deemed conversion of the Convertible Notes	Percentage of class after the Offering and the deemed conversion of the Convertible Notes
Common Shares	1,200,000	3.35%	2.13%
Options	2,875,000	8.04%	5.10%
Total (Diluted) <sup>(1)</sup>	4,075,000	11.39%	7.23%

**Notes:**

- (1) Calculated, based on 35,780,000 Common Shares outstanding as of the date of this Prospectus, 56,354,388 Common Shares outstanding on completion of the Offering and the Conversion.

As the Company anticipates being an “emerging issuer” as defined in NP 46-201, the following automatic timed releases apply to the Escrowed Securities:

On the Listing Date	1/10 of the Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrow Securities
12 months after the Listing Date	1/5 of the remaining Escrow Securities
18 months after the Listing Date	1/4 of the remaining Escrow Securities
24 months after the Listing Date	1/3 of the remaining Escrow Securities
30 months after the Listing Date	1/2 of the remaining Escrow Securities
36 months after the Listing Date	the remaining Escrow Securities

In the simplest case, where there are no changes to the Escrowed Securities initially deposited and no additional escrow securities, the release schedule outlined above results in the Escrowed Securities being released in equal tranches of 15% after completion of the release on the Listing Date.

## Statutory Hold Periods

The Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within escrow are:

- (a) to existing or, upon their appointment, incoming directors or senior officers of the Company, if the Board has approved the transfer;
- (b) to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities;
- (c) to a person or company that after the proposed transfer:
  - (i) will hold more than 10% of the voting rights attached to the Company's outstanding securities, and
  - (ii) has the right to elect or appoint one or more directors or senior officers of the Company or any of its material operating subsidiaries;
- (d) to a trustee in bankruptcy or another person or company entitled to Escrowed Securities on the bankruptcy of the holder;
- (e) to a financial institution on the realization of Escrowed Securities pledged, mortgaged or charged by the holder to the financial institution as collateral for a loan; or
- (f) to or between a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**") or other similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of the other registered plan or fund are limited to the holder and his or her spouse, children and parents or, in the case of a trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund, as applicable, or his or her spouse, children and parents. The owner of Escrowed Securities may continue to exercise voting rights attached to such securities.

In addition, tenders of Escrowed Securities pursuant to a business combination, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrowed Securities subject to a business combination will continue to be escrowed if the successor entity is not an "exempt issuer" as such term is defined in NP 46-201, the holder is a Principal of the successor entity, and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities.

## Voluntary Escrow Agreements

In addition to the Escrow Agreement, we anticipate that all of the non-principal shareholders that hold shares issued by the Company in its \$0.02 round of financing will enter into a voluntary escrow agreement (the "**Voluntary Escrow Agreement**") for the deposit of a number of their Common Shares (the "**Voluntary Escrowed Securities**") in escrow with an escrow agent (the "**Voluntary Escrow Agent**") and subject to the restrictions set forth therein. The Voluntary Escrow Agreement provides for the following releases:



6 months after the Listing Date	25% of the remaining Voluntary Escrowed Securities
9 months after the Listing Date	25% of the remaining Voluntary Escrowed Securities
12 months after the Listing Date	25% of the remaining Voluntary Escrowed Securities
16 months after the Listing Date	the remaining Voluntary Escrowed Securities

In addition, all units of Company of issued to subscribers in the \$0.10 round of financing are subject to a voluntary hold period ending (the “**Voluntary Hold Period**”) on the date that is four months from the date on which the Common Shares commence trading on the Exchange following a going public event, including an initial public offering.

The Voluntary Escrow Agreement will also grant the Co-Lead Underwriters and the Company the right, exercisable in their sole discretion at any time and from time to time during the Voluntary Hold Period, to mutually agree in writing to waive the escrow applicable to the Voluntary Escrowed Securities, in whole or in part.

### **Lock-Up Periods**

Pursuant to the Underwriting Agreement, the Company will agree not to, directly or indirectly, issue or sell or agree to issue or sell, any securities (including those that are convertible into or exchangeable into securities of the Company) for a period of 90 days from the Closing Date without the prior written consent of Co-Lead Underwriters on behalf of the Co-Lead Underwriters, such consent not to be unreasonably withheld or delayed, other than pursuant to (i) the Offering, (ii) pursuant to the grant or exercise of stock options and other awards pursuant to the Long Term Incentive Plan and other equity compensation arrangements in place prior to the Closing Date, (iii) pursuant to the exercise or conversion of warrants, the Convertible Note Units or other convertible securities, outstanding on the Closing Date; and in connection with any arm’s length acquisitions or existing agreements.

The Company will also agree to use its commercially reasonable best efforts to cause each of the directors, executive officers and principal shareholders of the Company and their respective associates to enter into lock up agreements in favour of the Co-Lead Underwriters evidencing their agreement not to, for a period of 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, grant an option to purchase, make any short sale or otherwise dispose of or transfer, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of any securities of the Company, now owned directly or indirectly, or under their control or direction, or announce its intention to do any of the foregoing, whether through the facilities of a stock exchange, by private placement or otherwise, other than pursuant to the terms of the lock up agreements.

### **PRINCIPAL SECURITYHOLDERS**

As at the date of this Prospectus, to the knowledge of the Company, no person owns or will own, directly or indirectly, 10% or more of the issued and outstanding Common Shares.

## DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, for each of the Directors and executive officers of the Company, the name, municipality of residence, age, principal occupation, position held with the Company and the date on which the person became a Director or executive officer.

Name, City, Province or State and Country of Residence	Position with the Company	Director or Executive Officer Since	Principal Occupation During the Past Five Years	Number of Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly as at the date of this Prospectus	Percentage of Securities Held as at the date of this Prospectus (Undiluted) <sup>(1)</sup>	Percentage of Securities Held as at the date of this Prospectus (Diluted) <sup>(1)</sup>
<b>David Kerbel</b> Austin, Texas, USA	Chief Executive Officer, Director	Engaged as consultant and CEO on June 15, 2020 and appointed director on November 27, 2020	President of JET Collection (June 2010 to present), a company in the business of sales and marketing for consumer goods companies.	400,000 Common Shares 450,000 Options Nil Warrants	1.12%	2.39%
<b>Warren Spence<sup>(2)</sup></b> Port Coquitlam, BC, Canada	Director	Engaged as consultant on June 23, 2020 and appointed as a director on November 27, 2020	Head of Global Operations (April 2020 to present), Head of Supply Chain (April 2019 to present) for Nude Beverages, a company in the business of manufacturing sugar-free alcoholic beverages; General Manager (2017 to present) at Ikonc Enterprises Ltd., a landscaping and construction company; CEO of V-Power (China) Ltd. (October 2016 – March 2018), a power generation development company; Self-employed operations consultant (February 2015 – April 2017).	200,000 Common Shares 500,000 Options Nil Warrants	0.56%	1.97%
<b>David Lubotta<sup>(2)</sup></b> Toronto, Ontario, Canada	Director, Non-Executive Chairman of the Board	Engaged as consultant on June 23, 2020 and appointed as a director and Non-	Managing Partner of DML Ventures (January 2007 to present), a strategic business advisory and investment firm.	400,000 Common Shares 450,000 Options Nil Warrants	1.12%	2.39%

Name, City, Province or State and Country of Residence	Position with the Company	Director or Executive Officer Since	Principal Occupation During the Past Five Years	Number of Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly as at the date of this Prospectus	Percentage of Securities Held as at the date of this Prospectus (Undiluted) <sup>(1)</sup>	Percentage of Securities Held as at the date of this Prospectus (Diluted) <sup>(1)</sup>
		Executive Chairman of the Board on November 27, 2020				
<b>Scott Eldridge</b> <sup>(2)</sup> North Vancouver, BC, Canada	Director	Engaged as consultant on October 8, 2020 and appointed as a director on November 27, 2020	CEO (October 2017 to October 2018) and CFO (October 2014 to October 2017) of Canarc Resources Corp. (October 2018 to present); CEO of Arctic Star Exploration Corporation (TSX-V:ADD), a junior natural resource company.	100,000 Common Shares 100,000 Options 50,000 Warrants	0.28%	0.70%
<b>Robert Payment</b> Surrey, British Columbia, Canada	Chief Financial Officer	September 11, 2020	Self-employed (January 2014 to present)	100,000 Common Shares 450,000 Options Nil Warrants	0.28%	1.55%

**Notes:**

(1) Based on 35,780,000 issued and outstanding Common Shares as at the date of this Prospectus.

(2) Member of the Audit Committee of which David Lubotta is the Chair.

**Term of Office**

The Directors are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal. The term of office of the officers expires at the discretion of the Board.

**Aggregate Ownership of Securities**

As at the date of this Prospectus, our directors and executive officers as a group beneficially own, control or direct, directly or indirectly, 1,200,000 Common Shares collectively representing 3.35% of our 35,780,000 issued and outstanding Common Shares.

## **Biographical Information**

The following is a brief description of the background of the Directors and executive officers of the Company.

### ***David Kerbel - Age 58, Chief Executive Officer and Director***

Mr. Kerbel has over 30 years of senior level executive experience in all aspects of the retail, brokerage and consumer product goods industries. He served as a senior executive with Crossmark, one of the largest CPG brokerages in the world, running their Northeast division. He has international sales experience with Crossmark leading the company's efforts in the U.K. At Franklin Farms, Mr. Kerbel led sales, operations and new product development. In addition to driving the portabella mushroom business, he helped develop the Franklin Veggie Burger. At Celsius, David secured distribution for the brand at several major retailers and also developed the sales and marketing plan to take the company public. At JET Sales, David has developed a complete sales strategy for Genesis Today, Pure Health business, New Whey, SalesOut North America, ECIG and LXR Biotech, and helped grow the business with several major retailers. Mr. Kerbel holds a bachelor of science in business from Suffolk University.

Mr. Kerbel will be responsible for the day-to-day affairs of the Company and will provide the services typical of a Chief Executive Officer of a food and wellness company. Mr. Kerbel will devote approximately 90% of his time to the Company or such greater amount of time as is necessary. Mr. Kerbel has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Kerbel is an independent contractor of the Company.

### ***Warren Spence - Age 53, Director***

Mr. Spence has over 25 years in the Canadian food and beverage industry, beginning with Olivieri Pasta (Canada Bread). Following this, he spent six years with Yves Veggie Cuisine and ten years with Red Bull Canada. The past four years he has spent helping startup companies with their implementation of their Supply Chain and Operations systems. Mr. Spence was appointed Head of Supply Chain for Nude Beverages just over a year ago. His background is in Operations, Logistics, Information Technology and Supply Chain Management.

Mr. Spence's responsibilities will be providing strategic oversight of the Company's procurement and supply chain as well as mentoring logistics personnel. Mr. Spence will devote approximately 30% of his time to the Company or such greater amount of time as is necessary. Mr. Spence has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Spence is an independent contractor of the Company. Mr. Spence attended Simon Fraser University from 1986 to 1988.

### ***David Lubotta – Age 48, Director***

David Lubotta brings over 20 years of entrepreneurial, corporate finance, innovation, and leadership experience to his role as a director of Ritual. Currently, David has a number of active investments and continues to playing a significant role in the health and wellness industry. His experience and significant interests in wellness and innovation have led David to be an advisor to Delos Living LLC, and the founding partner Delos Ventures and Delos Canada. David is also an advisor to PYM, a consumer product company focused on mental wellness, in addition to being the Managing Partner of DML Ventures. He is a partner at Merida Capital Partners, a leading Cannabis private equity group, headquartered in New York City, with 46 companies in its portfolio. David is the co-founder and Chairman of Safe New World (SNW) Innovations – a global health and wellness company that invests in products and solutions to assist people and communities during and beyond a global health crisis. He holds an MBA from Kellogg, School of Management (Northwestern University).

Mr. Lubotta's responsibilities will be to provide strategic oversight and direction for the Company. Mr. Lubotta will devote approximately 5% of his time to the Company or such greater amount of time as is necessary. Mr. Lubotta has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company.

***Scott Eldridge – Age 41, Director***

Scott Eldridge is experienced in the financial industry focused on the resource sector. He is a co-founder, President and CEO of Euroscandic International Group Inc., a private company offering accounting and investment banking services to natural resource companies. During his time in the industry, Mr. Eldridge has been responsible for raising in excess of \$500 million in combined equity and debt financing for mining projects varying from exploration to construction financing around the globe. Mr. Eldridge has a B.B.A. from Capilano University and an M.B.A. from Central European University.

Mr. Eldridge's responsibilities will be to provide strategic oversight and direction for the Company. Mr. Eldridge will devote approximately 5% of his time to the Company or such greater amount of time as is necessary. Mr. Eldridge has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company.

***Robert Payment – Age 38, Chief Financial Officer***

Robert is a Chartered Professional Accountant with 14 years' experience in finance, reporting, regulatory requirements, public company administration, equity markets, and financing of publicly traded companies.

Robert has extensive experience in the manufacturing, natural resource, and retail industries. He received a BBA from Simon Fraser University and is a member in good standing of the Chartered Professional Accountants of British Columbia. Mr. Payment is also CFO of Weekend Unlimited Industries Inc.

Mr. Payment will be responsible for the accounting activities and the financial reporting of the Company. He will provide the services typical of a Chief Financial Officer of a food and wellness company. Mr. Payment will devote approximately 40% of his time to the Company or such greater amount of time as is necessary. Mr. Payment has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Payment is an independent contractor of the Company.

**Cease Trade Orders**

No director or executive officer of the Company is or has been, within the ten years preceding the date of this Prospectus, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this Prospectus, an "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

**Bankruptcies**

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been, within the ten years preceding the date of this Prospectus:

- (a) a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a

proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or made a proposal under any legislation relating to bankruptcies or insolvency; or

- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

### **Penalties or Sanctions**

No director or executive officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

No director or executive officer of the Company, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company or a personal holding company of any such persons has, within the ten years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **Conflicts of Interest**

There are no existing material conflicts of interest between the Company and any Director or officer of the Company. Directors and officers of the Company may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, certain Directors of the Company may have a conflict of interest in negotiating and conducting terms in respect of any transaction involving such companies. In the event that such conflict of interest arises at a meeting of the Board, a Director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such transaction.

The information as to ownership of securities of the Company, corporate cease trade orders or bankruptcies, penalties or sanctions, personal bankruptcies or insolvencies and existing or potential conflicts of interest has been provided by each insider of the Company individually in respect of himself or herself.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company's executive compensation program during the most recently completed financial year ended June 30, 2020 was administered by the Company's Board of Directors. The Board of Directors was solely responsible for determining the compensation to be paid to the Company's executive officers and evaluating their performance. The Board of Directors has not adopted any specific policies or objective for determining the amount or extent of compensation for directors or officers. The Board of Directors has not established a compensation committee.

Pursuant to Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, a “**Named Executive Officer**” or “**NEO**” means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as Chief Executive Officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as Chief Financial Officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Company, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

This section is intended to communicate the anticipated compensation to be provided to our directors and each executive officer who meets the definition of a Named Executive Officer once we become a reporting issuer.

The Company’s Named Executive Officers for the purposes of this section are:

- David Kerbel, Chief Executive Officer and Director
- Robert Payment, Chief Financial Officer

We operate in an emerging industry and rapidly evolving market. To succeed in this environment and to achieve our business and financial objectives, we need to attract, retain and motivate a highly talented team of executive officers.

Our executive officer compensation program is designed to achieve the following objectives: (i) provide market-competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success; (ii) motivate our executive officers to achieve our business and financial objectives; and (iii) align the interests of our executive officers with those of our shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business.

We offer our executive officers cash compensation in the form of base salary or consulting fees and equity-based compensation. We provide base salary or consulting fees to compensate our consultants for their day-to-day responsibilities, at levels that we believe are necessary to attract and retain executive officer talent. In addition, we believe that equity-based compensation awards motivate our executive officers to achieve our business and financial objectives, and align their interests with the long-term interests of our shareholders. See “Executive Compensation - Option Plans and other incentive plans”.

As we transition from being a privately-held company to a publicly traded company, we will continue to evaluate our compensation philosophy and compensation program as circumstances require and plan to review compensation on an annual basis. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors that may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

Upon completion of the Offering and the Conversion, the compensation of our executive officers will include two major elements: (i) base salary or consulting fees; and (ii) equity-based incentive awards in the form of options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”). See “Executive Compensation - Option Plans and other incentive plans”.

#### Director and Named Executive Officer compensation, excluding compensation securities

The following table sets forth information about compensation, other than compensation securities, expected to be paid to, or earned by, the Company’s Directors and Named Executive Officers for the twelve months following the date on which it becomes a reporting issuer.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
David Kerbel, Chief Executive Officer and Director	2021	US\$96,000	Nil	Nil	Nil	Nil	US\$96,000
Robert Payment, Chief Financial Officer	2021	\$60,000	Nil	Nil	Nil	Nil	\$60,000
Warren Spence, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
David Lubotta, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
Scott Eldridge, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil

#### Options and other compensation securities

The following table sets forth all compensation securities expected to be granted or issued to the Company’s Directors and Named Executive Officer for the twelve months following the date on which it becomes a reporting issuer.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
David Kerbel, Chief Executive Officer and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil	N/A	N/A	N/A	N/A	N/A
Robert Payment, Chief Financial	Options	Nil	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil	N/A	N/A	N/A	N/A	N/A



Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Officer							
Warren Spence, Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil	N/A	N/A	N/A	N/A	N/A
David Lubotta, Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil	N/A	N/A	N/A	N/A	N/A
Scott Eldridge, Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil	N/A	N/A	N/A	N/A	N/A

#### Exercise of compensation securities by Directors and Named Executive Officers

No Director or Named Executive Officer exercised any compensation securities during the period from incorporation on May 6, 2019 to June 30, 2019 or the year ended June 30, 2020.

#### Option Plans and other incentive plans

The Long Term Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of Options, RSUs, PSUs and DSUs. The purpose of the Company's Long Term Incentive Plan is to, among other things, provide the Company with a share related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and its subsidiaries, to reward such of those directors, employees and consultants as may be granted awards under the Long Term Incentive Plan by the Board from time to time for their contributions toward the long-term goals and success of the Company and to enable and encourage such directors, employees and consultants to acquire Common Shares as long-term investments and proprietary interests in the Company. The Long Term Incentive Plan is a rolling plan which, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Common Shares), provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the Long Term Incentive Plan shall not exceed 25% of the Company's issued and outstanding Common Shares from time to time. The Plan is considered an "evergreen" plan, since the Common Shares covered by awards that have been exercised, settled or terminated shall be available for subsequent grants under the Long Term Incentive Plan and the number of awards available to grant increases as the number of issued and outstanding Common Shares increases. The Long Term Incentive Plan also provides that the aggregate number of Common Shares (a) issuable to insiders at any time (under all of the Company's security-based compensation arrangements) cannot exceed 10% of the Company's issued and outstanding Common Shares and (b) issued to insiders within any one year period (under all of the Company's security-based compensation arrangements) cannot exceed 10% of the Company's issued and outstanding Common Shares. Furthermore, the Plan provides that (i) the Company shall not make grants of awards to non-employee directors if, after giving effect to such grants of awards, the aggregate number of Common Shares issuable to non-employee directors, at the time of such grant, under all of the Company's security based compensation arrangements would exceed 1% of the issued and outstanding Common Shares on a non-diluted basis, and (ii) within any one financial year of the Company, (a) the aggregate fair value on the date of grant of all Options granted to any one non-employee director shall not exceed \$100,000, and (b) the aggregate fair market value on the date of grant of all awards (including, for greater certainty, the fair market value of the Options) granted to any one non-employee director under all of the Company's security based compensation arrangements shall not exceed \$150,000; provided that such limits shall

not apply to (i) awards taken in lieu of any cash retainer or meeting director fees, and (ii) a one-time initial grant to a non-employee director upon such non-employee director joining the Board of Directors.

As of the date hereof, the Company has granted 7,312,500 Options, 900,000 RSUs, nil PSUs and nil DSUs to its directors, officers and consultants. See "Options to Purchase Securities" above.

As of the date hereof, the Company does not have any other incentive plans other than the Long Term Incentive Plan nor has the Company granted any other incentive awards other than the 7,312,500 Options and 900,000 RSUs to its directors, officers and consultants.

The Long Term Incentive Plan has not been approved by the shareholders of the Company.

See "Option to Purchase Securities – Key Terms of the Equity Incentive Plan"

### **Employment, consulting, and management agreements**

#### *David Kerbel - Chief Executive Officer and Director*

On June 15, 2020, we engaged David Kerbel as a consultant to perform functions similar to a chief executive officer. Under the terms of the agreement, Mr. Kerbel received a base payment of US\$5,000 per month, which increased to US\$10,000 per month on October 1, 2020. Additionally the Company granted Mr. Kerbel 450,000 stock options exercisable at a price of \$0.10 each for a period of five years. On November 27, 2020, we entered into a formal consulting agreement with Mr. Kerbel, replacing the previous arrangement, pursuant to which we engaged Mr. Kerbel as our Chief Executive Officer. Pursuant to the agreement, Mr. Kerbel's compensation was changed to US\$8,000 per month. The agreement, which has a term of one year, provides for termination upon 30 days' written notice by Mr. Kerbel and 90 days' written notice for the Company or payment in lieu of notice. The agreement does not contain any change of control provisions. Mr. Kerbel has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Kerbel is an independent contractor of the Company.

#### *Warren Spence - Director*

On June 23, 2020, we entered into a consulting agreement with Mr. Spence who has developed expertise in consumer packed goods. Pursuant to this agreement, Mr. Spence will perform responsibilities and duties as required to advance the development of the business of the Company. We expect all services to be provided under the consulting agreement will be in Mr. Spence's capacity as a director. The agreement provides for Mr. Spence to receive 500,000 Options exercisable at \$0.10. The agreement provides for termination of the agreement upon 30 days' written notice by either Mr. Spence or the Company. The agreement does not contain any change of control provisions. Mr. Spence has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Spence is an independent contractor of the Company.

#### *David Lubotta - Director*

On June 23, 2020, we entered into a consulting agreement with Mr. Lubotta who has developed expertise in consumer packed goods. Pursuant to this agreement, Mr. Lubotta will perform responsibilities and duties as required to advance the development of the business of the Company. We expect all services to be provided under the consulting agreement will be in Mr. Lubotta's capacity as a director. The agreement provides for Mr. Lubotta to receive 450,000 Options exercisable at \$0.10. The agreement provides for termination of the agreement upon 30 days' written notice by either Mr. Lubotta or the Company. The agreement does not contain any change of control provisions. Mr. Lubotta has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Lubotta is an independent contractor of the Company.

#### *Scott Eldridge – Director*

On October 8, 2020, we entered into a consulting agreement with Mr. Eldridge who has experience working in the capital markets. Pursuant to this agreement, Mr. Eldridge will perform the responsibilities and duties as required to advance the development of the business of the Company. We expect all services to be provided under the consulting agreement will be in Mr. Eldridge's capacity as a director. The agreement provides for Mr. Eldridge to receive 100,000 Options exercisable at \$0.30. The agreement provides for termination of the agreement upon 30 days' written notice by either Mr. Eldridge or the Company. The agreement does not contain any change of control provisions. Mr. Eldridge has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Eldridge is an independent contractor of the Company.

#### *Robert Payment - Chief Financial Officer*

On June 15, 2020, we entered into a consulting agreement with Robert Payment pursuant to which we engaged Mr. Payment as our Chief Financial Officer. Under the terms of the agreement, Mr. Payment receives a base payment of \$5,000 per month plus 300,000 stock options under the Company's Long Term Incentive Plan exercisable at \$0.30 per share. We will reimburse Mr. Payment for reasonable out-of-pocket expenses incurred by him in connection with providing services to us. The consulting agreement will expire on December 1, 2021 or by 30 days' notice by Mr. Payment or 12 months' notice by us. The agreement does not contain any change of control provisions. Mr. Payment has not entered into a non-competition agreement with the Company, but has entered into a non-disclosure agreement with the Company. Mr. Payment is an independent contractor of the Company.

#### **Oversight and description of Director and named executive officer compensation**

The objectives of the Company's compensation policies and procedures are to align the interests of the Directors and Named Executive Officers with the interests of the shareholders of the Company. The Company intends to rely on Board discussion without a formal agenda for objectives, criteria and analysis, when determining compensation for its Directors and Named Executive Officers. Compensation is not tied to performance criteria or goals such as milestones, agreements or transactions, and the Company does not use a "peer group" to determine compensation.

At present, the Board does not have a compensation committee or a nominating committee. As such, all tasks related to developing and monitoring the Company's approach with respect to the compensation of the Directors and Named Executive Officers of the Company and to developing and monitoring the Company's approach to the nomination of directors to the Board are performed by the members of the Board. Compensation for the Company's Directors and Named Executive Officers is reviewed, recommended and approved by the Board as a whole, including the independent directors. The Company may form a compensation committee that will oversee compensation matters and may form a nomination committee to oversee the nomination of directors in the future.

#### **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to Directors Named Executive Officers at, following, or in connection with retirement.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

There is not as of the date of this Prospectus, nor has there been since incorporation on May 6, 2019, any indebtedness of any Director, executive officer, senior officer, employee or any former director, executive officer, employee or senior officer or any associate of any of them, to or guaranteed or supported by the Company either pursuant to an employee stock purchase program of the Company or otherwise, and no such individual is or has been indebted to any other entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit, or similar arrangement or understanding by the Company.

## AUDIT COMMITTEES AND CORPORATE GOVERNANCE

### Audit Committee

NI 52-110, NI 41-101 and Form 52-110F2 – *Disclosure by Venture Issuers* require the Corporation, as a venture issuer, to disclose certain information relating to the Company's audit committee (the "Audit Committee") and its relationship with the Company's independent auditors.

#### *Audit Committee Charter*

Pursuant to NI 52-110, the Audit Committee is required to have a charter. The full text of the Audit Committee Charter is attached as Schedule B to this Prospectus.

#### *Composition of Audit Committee*

The members of the Audit Committee are:

David Lubotta	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Warren Spence	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Scott Eldridge	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>

#### **Notes:**

- (1) Pursuant to NI 52-110, an audit committee member is independent if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment. Under NI 52-110, a member who is, or has been within the last three years, an employee or executive officer of the issuer, is considered to have a material relationship with the issuer.
- (2) Pursuant to NI 52-110, an audit committee member is financially literate if the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

None of the members of the Audit Committee are executive officers, employees or control persons of the Company.

All of the members of the Audit Committee are "financially literate", as defined in NI 52-110, as all of the Audit Committee members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### *Relevant Education and Experience*

Each member of the present Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

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

- (d) an understanding of internal controls and procedures for financial reporting.

For the education and experience of each member of the Audit Committee that is relevant to the performance of their responsibilities as an Audit Committee member, please see the section entitled “Directors and Executive Officers” in this Prospectus.

#### *Audit Committee Oversight*

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

#### *Reliance on Certain Exemptions*

At no time since the commencement of the Company’s most recently completed financial year, has the Company relied on the following exemptions:

- (a) the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) the exemption in subsection 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) the exemption in subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);
- (d) the exemption in subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemption*).

#### *Pre-Approval Policies and Procedures*

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the Audit Committee. It is not anticipated that the Company will adopt specific policies and procedures.

#### *External Audit Service Fees*

The aggregate fees billed to the Company for the services provided by the external auditor for the period from incorporation on May 6, 2019 to June 30, 2019 was \$Nil and for the year ended June 30, 2020 are as follows:

<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
\$10,500	\$Nil	\$Nil	\$Nil

#### *Exemption*

The Company is not relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is exempt from the requirements of Part 3 (Composition of the Audit Committee). The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is exempt from the requirements of Part 5 (Reporting Obligations) of NI 52-110.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Company. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

The Company's corporate governance practices are summarized below:

(1) *Board of Directors*

The Board of Directors is currently comprised of four members. The rules of the Exchange do not have independent director requirements. An "independent" director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship that could, in the view of the Board of Directors, reasonably interfere with the exercise of a director's independent judgment. David Lubotta, Warren Spence and Scott Eldridge are independent directors of the Company, as aside from Common Shares held by them, they have no ongoing interest or relationship with the Company other than serving as directors. David Kerbel is not an independent director because of his position as an executive officer of the Company.

(2) *Directorships*

None of our directors are also currently directors of other reporting issuers.

(3) *Orientation and Continuing Education*

The Board of Directors provides an overview of the Company's business activities, systems and business plan to all new directors. New director candidates have free access to any of the Company's records, employees or senior management in order to conduct their own due diligence and will be briefed on the strategic plans, short, medium and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing policies of the Company. The Directors are encouraged to update their skills and knowledge by taking courses and attending professional seminars.

(4) *Ethical Business Conduct*

The Board of Directors believes good corporate governance is an integral component to the success of the Company and to meet responsibilities to shareholders. Generally, the Board of Directors has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company.

The Board of Directors is also responsible for applying governance principles and practices, and tracking development in corporate governance, and adapting "best practices" to suit the needs of the Company. Certain of the Directors of the Company may also be directors and officers of other companies, and conflicts of interest may arise between their duties. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under the BCA.

(5) *Nomination of Directors*

The Board of Directors has not formed a nominating committee or similar committee to assist the Board of Directors with the nomination of directors for the Company. The Board of Directors considers itself too small to warrant creation of such a committee; and each of the Directors has contacts he can draw upon to identify new members of the Board of Directors as needed from time to time.

The Board of Directors will continually assess its size, structure and composition, taking into consideration its current strengths, skills and experience, proposed retirements and the requirements and strategic direction of the Company. As required, directors will recommend suitable candidates for consideration as members of the Board of Directors.

<sup>(6)</sup> *Compensation*

The Board of Directors reviews the compensation of its directors and executive officers annually. The Directors will determine compensation of directors and executive officers taking into account the Company's business ventures and the Company's financial position. See "Executive Compensation".

<sup>(7)</sup> *Other Board Committees*

The Company has established an Audit Committee. There are no other committees of the Board of Directors.

<sup>(8)</sup> *Assessments*

The Board of Directors has not implemented a process for assessing its effectiveness. As a result of the Company's small size and the Company's stage of development, the Board of Directors considers a formal assessment process to be inappropriate at this time. The Board of Directors plans to continue evaluating its own effectiveness on an ad hoc basis.

The Board of Directors does not formally assess the performance or contribution of individual Board members or committee members.

## **PLAN OF DISTRIBUTION**

### **General**

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell and the Underwriters for whom the Co-Lead Underwriters have severally agreed to purchase, a total of 17,391,305 Offered Units.

Each Offered Unit is comprised of one Unit Share and one-half of one Unit Warrant. Each full Unit Warrant entitles the holder thereof to acquire one Unit Warrant Share at the Exercise Price until the Expiry Date, subject to Acceleration. The Unit Warrants will be governed by a Warrant Indenture to be entered into on or before the Closing Date between the Company and the Warrant Agent. See "Description of the Securities Being Distributed". The Unit Warrants will be subject to adjustment in accordance with the Warrant Indenture.

This Prospectus qualifies the distribution of the Offered Units, the Unit Warrant Shares issuable upon exercise of the Unit Warrants, the Over-Allotment Option and up to 2,608,695 Over-Allotment Units, and the Over-Allotment Unit Warrant Shares issuable on exercise of the Unit Warrants included in the Over-Allotment Units.

Subscriptions for the Offered Units will be received subject to rejection or allotment in whole or in part by the Company and the right is reserved by the Company to close the subscription books at any time without notice. It is expected that the Closing of the Offering and delivery of the Offered Units will occur on or March 3, 2021. The Offered Units are to be taken up by the Co-Lead Underwriters, if at all, on or before a date not later than 42 days after the receipt for this prospectus.

The Underwriting Agreement provides that the obligations of the Co-Lead Underwriters are subject to various conditions, including approval of legal matters by counsel. The obligations of the Co-Lead Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriting Agreement provides that the Co-Lead Underwriters are obligated to purchase all the Offered Units in the Offering

if any are purchased, other than those Offered Units covered by the Over-Allotment Option described below. If an Underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting Underwriters may be increased or the Underwriting Agreement may be terminated.

The Offering is being made in each of the provinces of Canada (except Quebec). The Offered Units will be offered in each of the relevant provinces of Canada through those Underwriters or their affiliates who are registered to offer the Offered Units for sale in such provinces and such other registered dealers as may be designated by the Co-Lead Underwriters. The Offered Units may be offered and sold in the United States on a private placement basis. Subject to applicable law, the Co-Lead Underwriters may offer the Offered Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Co-Lead Underwriters.

Prior to this Offering, there has been no public market for our Common Shares or Unit Warrants. The initial public Offering Price was determined by negotiations between us and the Co-Lead Underwriters. Among the factors considered in determining the initial public Offering Price were our future prospects and those of our industry in general, our potential sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

The Company has granted to the Co-Lead Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Co-Lead Underwriters, for a period of 30 days from the Closing Date of the Offering, to purchase up to 15% of the Offered Units, being an additional 2,608,695 Over-Allotment Units, at the Offering Price to cover the Co-Lead Underwriters' over-allocation position, if any, and for market stabilization purposes. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units forming part of the Co-Lead Underwriters' over-allocation position acquires those Over-Allotment Units under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This Prospectus also qualifies the Over-Allotment Unit Warrant Shares issuable on exercise of the Unit Warrants included in the Over-Allotment Units.

In consideration for the services provided by the Co-Lead Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Co-Lead Underwriters the Underwriters' Commission equal to 7% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option). In addition, the Company has agreed to grant the Co-Lead Underwriters such number of Underwriters' Warrants which is equal to 7% of the aggregate number of Offered Units sold under this Offering, including the Over-Allotment Option, with each Underwriters' Warrant being exercisable to purchase one Offered Unit at the Offering Price of \$0.30 for a period of 36 months from the Closing Date. The Underwriters' Warrants, Underwriters' Warrant Units and Underwriters' Warrant Unit Shares are qualified by this Prospectus. In addition, the Company has agreed to pay the Co-Lead Underwriters a non-refundable Corporate Finance Fee which is payable in Corporate Finance Fee Securities equal to 5% of the aggregate number of Offered Units sold pursuant to the Offering, including the Over-Allotment Option. The Corporate Finance Fee Securities will not be qualified by this Prospectus and will be issued pursuant to an exemption from the prospectus requirement and subject to a hold period of four months and one day.

The estimated offering expenses payable by us, exclusive of the Underwriting Commission, are approximately \$300,000. Whether or not the Offering is completed, we have agreed to reimburse the Co-Lead Underwriters for their expenses, including the fees of their legal counsel which may not exceed \$150,000, excluding taxes and disbursements, without the prior written consent of the Company.

The CSE has conditionally approved the listing of the Common Shares and Unit Warrants. Listing is subject to the Company fulfilling all of the requirements of the CSE. Prior to the Listing and this Offering, there has been no public market for the Company's Common Shares or Unit Warrants. We cannot assure you that an active or orderly trading market will develop for the Company's Common Shares or Unit Warrants, or that the Common Shares or Unit Warrants will trade in the public markets subsequent to this Offering at or above the initial Offering Price. See "Risk Factors".



As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Pursuant to the Underwriting Agreement, the Company will agree not to, directly or indirectly, issue or sell or agree to issue or sell, any securities (including those that are convertible into or exchangeable into securities of the Company) for a period of 90 days from the Closing Date without the prior written consent of Co-Lead Underwriters on behalf of the Co-Lead Underwriters, such consent not to be unreasonably withheld or delayed, other than pursuant to (i) the Offering, (ii) pursuant to the grant or exercise of stock options and other awards pursuant to the Long Term Incentive Plan and other equity compensation arrangements in place prior to the Closing Date, (iii) pursuant to the exercise or conversion of warrants, the Convertible Note Units or other convertible securities, outstanding on the Closing Date; and in connection with any arm's length acquisitions or existing agreements.

The Company will also agree to use its commercially reasonable best efforts to cause each of the directors, executive officers and principal shareholders of the Company and their respective associates to enter into lock up agreements in favour of the Co-Lead Underwriters evidencing their agreement not to, for a period of 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, grant an option to purchase, make any short sale or otherwise dispose of or transfer, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of any securities of the Company, now owned directly or indirectly, or under their control or direction, or announce its intention to do any of the foregoing, whether through the facilities of a stock exchange, by private placement or otherwise, other than pursuant to the terms of the lock up agreements.

The Co-Lead Underwriters, in their sole discretion, may release the securities subject to the lock-up agreements described above in whole or in part at any time.

The Company's directors, officers, employees and other investors who have an existing relationship with the Company may purchase Offered Units pursuant to the Offering.

Pursuant to the terms of the Underwriting Agreement, the Company will indemnify the Co-Lead Underwriters and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Co-Lead Underwriters may be required to make in respect thereof.

In connection with the Offering, the Co-Lead Underwriters may over-allocate or effect transactions that stabilize or maintain the market price of the Common Shares or Unit Warrants at levels other than those which might otherwise prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions. Such transactions, if commenced, may be discontinued at any time. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares or Unit Warrants while the Offering is in progress. These transactions may also include making short sales of the Common Shares or Unit Warrants, which involve the sale by the Co-Lead Underwriters of a greater number of Common Shares or Unit Warrants than they are required to purchase in the Offering.

Pursuant to policy statements of the relevant securities commissions, the Co-Lead Underwriters may not, throughout the period of distribution under this Prospectus, bid for Common Shares or Unit Warrants. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the Exchange, including the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities, and a bid or purchase made on behalf of a client where the client's order was not solicited during the period of distribution.

Other than Offered Units sold in the United States or to or for the account or benefit of a person in the United States or a U.S. Person (as defined under Regulation S of the U.S. Securities Act), which will be represented by individual certificates, it is anticipated that a certificate or certificates representing the Unit Shares and the Unit Unit Warrants will be issued in registered form to CDS or its nominee as a global security and will be deposited with CDS on the Closing Date.

### **No registration in the United States**

The Offered Units have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons (as such term is defined in Regulation under the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Co-Lead Underwriter has agreed that it will not offer or sell Offered Units within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Co-Lead Underwriters may re-offer and re-sell the Offered Units that they have acquired pursuant to the Underwriting Agreement in the United States to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Co-Lead Underwriters may offer and sell the Offered Units outside the United States in accordance with Regulation S under the U.S. Securities Act.

### **Convertible Debentures**

The Prospectus also qualifies the distribution of the Convertible Note Units, consisting of 3,183,083 Convertible Note Unit Shares and 1,591,528 Convertible Note Unit Warrants, issuable for no additional consideration upon Conversion of the Convertible Notes in the aggregate Principal Amounts of \$950,402 at a deemed price of the Offering Price. Each Convertible Note Unit is comprised of one Convertible Note Unit Share and one-half of one Convertible Note Unit Warrant exercisable at a price of \$0.60 for two years. This Prospectus also qualifies the distribution of the Convertible Note Unit Warrant Shares issuable upon exercise of the Convertible Note Unit Warrants. The Convertible Notes are each represented by a certificate and were issued on the Note Issuance Date of September 30, 2020 in a non-brokered private placement to purchasers in the provinces of British Columbia, Alberta and Ontario in Canada, the state of Florida in the United States, and the countries of Scotland, Costa Rica and Germany. The Principal Amounts owing under the Convertible Note, and any accrued Interest, have a Maturity Date of March 30, 2021, being the date that is 6 months from the Notes Issuance Date. The Principal Amounts will accrue Interest at the applicable Interest Rate commencing on Interest Trigger and continuing until the earlier of: (a) the Maturity Date, and (b) the date of any conversion of the Principal Amount, plus applicable Interest. The Principal Amount and any Interest owing under the Convertible Notes shall be, and shall be deemed to be, automatically and without any further action required by the holder and without the payment of any additional consideration, converted into Convertible Note Units, at a deemed price of the Offering Price per Convertible Note Unit, on the earlier of: (i) the Company receiving a receipt for its final Prospectus in this Offering from the securities regulatory authorities in each of the jurisdictions in which the Company files the Prospectus; or (ii) the Maturity Date. Upon conversion, each Convertible Note Unit will be comprised of one Convertible Note Unit Share and one-half of one non-transferable Convertible Note Unit Warrant. Each whole Convertible Note Unit Warrant entitles the holder thereof to purchase one additional Common Share at the Exercise Price for a period of 24 months from the date of issuance. The Company will not receive any additional proceeds upon the automatic conversion of the Convertible Notes. No commission or fee was paid by the Company with respect to the issue of the Convertible Notes and no commission or fee will be payable by the Company in connection with the issuance of the Convertible Note Units.

**The Convertible Notes and the Convertible Note Units are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of any securities upon the automatic conversion of any Convertible Notes (other than the exercise price payable upon exercise of the Convertible Note Unit Warrants).**

## RISK FACTORS

An investment in the Offered Units, Convertible Note Units or the underlying securities offered hereunder should be considered highly speculative due to the nature of the Company's business and the present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected.

### **Requirement for Licences Which Have Not Been Obtained and Licensing Risks**

The Company's ability to sell its products as NHPs in Canada is dependent on the Company receiving its required licenses under the *Natural and Non-Prescription Health Products Directorate*, including the NPNs. None of the Company's planned products have received the required NPNs and there is a risk that its proposed products may never obtain NPNs or that the Company will not obtain the NPNs on the timeline anticipated by the Company. The timing and success of an applicant under the *Natural and Non-Prescription Health Products Directorate* at the various steps in the authorization process is beyond the Company's control and is in the sole discretion of Health Canada. If the Company is able to obtain the NPNs, failure to comply with the requirements of any of the NPNs could have a material adverse impact on the business, financial condition and operating results of the Company. If the Company is unable to obtain the NPNs, it could have a material adverse impact on the business, financial condition and operating ability of the Company in Canada as well as the future prospects.

### **Corporate**

#### *Limited Operating History*

We have a very limited history of operations and are considered a start-up company. Although this Prospectus includes audited financial statements for the twelve months ended June 30, 2020 and unaudited financial statements for the six months ended December 31, 2020, we only just commenced our operations in the final two months before our financial year end. As such, there is very limited financial information about the Company and such information has been supplemented with other relevant information disclosed in this Prospectus so as to enable an investor to make an informed investment decision. We are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of our success must be considered remote in light of our early stage of operations.

#### *Negative Operating Cash Flow*

Although we expect to become profitable, there is no guarantee that will happen, and we may never become profitable. We currently have a negative operating cash flow and may continue to have that for the foreseeable future. To date, we have not generated any revenues. As a result, our net losses from operations may worsen. Our ability to generate revenues and potential to become profitable will depend largely on our ability to manufacture and market our products. There can be no assurance that any such events will occur or that we will ever become profitable. Even if we do achieve profitability, we cannot predict the level of such profitability. If we sustain losses over an extended period of time, we may be unable to continue our business.

#### *Additional Financing*

The Company has no source of operating cash flow to fund all of its operational needs and may require additional financing to continue its operations. There can be no assurance that such financing will be available at all or on favourable terms. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's deployment of its products. Additional financing may dilute the ownership interest of the Company's shareholders at the time of the financing, and may dilute the value of their investment.

#### *Uncertainty of Additional Capital*

The Company anticipates expending substantial funds to carry out the development, introduction, distribution and manufacture of its products. The Company may require additional funds for these purposes through one or more public or private equity financings, by taking on debt financing, or from other sources. No assurance can be given that such additional funds will be available on acceptable terms or at all. If such funds are unavailable or are only available at a prohibitive cost, the Company may have to significantly curtail its product development program or seek funds through financing alternatives that may require the Company to sell its rights to certain products or certain marketing territories. Any additional equity financing may result in dilution to existing shareholders.

#### *Going Concern*

The Company currently does not generate any revenue (other than interest income on its cash balances) and accordingly it is primarily dependent upon equity and or debt financing for any additional funding required for product development and operating expenses. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern if additional funding is not secured.

#### *General risks associated with a business in the early stages of development*

The Offered Units and Convertible Note Units must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the Offered Units or Convertible Note Units should only be considered by those persons who can afford a total loss of investment, and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the Offered Units or Convertible Note Units.

#### *The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management*

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company may experience some changes in its operating plans and certain delays in its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

## **Products and Business**

#### *Government Regulation*

The processing, manufacturing, packaging, labeling, advertising and distribution of the Company's planned products is subject to regulation by one or more governmental authorities, and various agencies of the federal, provincial, state and localities in which our products are sold. These government authorities may attempt to regulate any of our products that fall within their jurisdiction. Such governmental authorities may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular

statement of nutritional support that we want to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products or using certain statements of nutritional support on its products. The Company also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements.

In addition, government authorities could require the Company to remove a particular product from the market. Any recall or removal would result in additional costs to the Company, including lost revenues from any products that we are required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects, all of which could be material.

*The Company may not be able to develop its products, which could prevent it from ever becoming profitable*

If the Company cannot successfully develop, manufacture, sell and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

*Significant ongoing costs and obligations*

The Company expects to incur significant ongoing costs and obligations related to its investment in developing its business and the products, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this Prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of our Common Shares or Unit Warrants may significantly decrease.

*Third Party Suppliers*

We do not currently have the infrastructure or capability internally to process and manufacture our proposed mushroom products. We expect to rely on third-party organizations to process and manufacture all of our proposed mushroom products. We expect that the Company's business will rely on the ability of the Manufacturing Partner to obtain all of the mushroom powder we anticipate requiring for our proposed products. Any replacement of the Manufacturing Partner could require significant effort, as we may not be able to secure supplies from other manufacturers on a timely basis or on reasonable commercial terms. The Manufacturing Partner may be subject to damage or interruption from, among other things, fire, natural or man-made disaster, disease outbreaks or public health pandemics, power loss, telecommunications or internet failure, unauthorized entry, computer viruses, denial-of service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. The extent to which COVID-19 may affect our ability to obtain mushroom powder is uncertain and cannot be predicted. In addition, the mushroom powder we purchase is grown in the United States and the presence of COVID-19, and the governmental and commercial response to the pandemic, may negatively affect our ability to source mushroom powder for our products.

*Uncertainty of Revenue Growth*

There can be no assurance that the Company can generate revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company may achieve may not be indicative of future

operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

#### *Success of Products is Dependent on Public Taste*

The ability of the Company to earn revenues is substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's proposed products or its failure to expand its current market position will harm its business. Consumer trends change based on several possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company may import from abroad. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

#### *There is no assurance that the Company will turn a profit or generate immediate revenues*

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

#### *Uncertainty of Use of Proceeds*

Although the Company has set out its intended use of proceeds from this Offering, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

#### *Raw Materials*

The Company's products are derived from mushrooms. Accordingly, the Company and/or its manufacturers must acquire enough mushrooms so that the products can be produced to meet the demand of its customers. A mushroom shortage could result in loss of sales and damage to the Company. If the Company and/or its manufacturers become unable to acquire commercial quality mushrooms on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce mushrooms at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

#### *Limited Number of Products*

The Company's business is focused on the production and distribution of mushroom-derived products. If such products do not achieve sufficient market acceptance, it will be difficult for us to achieve profitability. The Company's revenues are expected to derive almost exclusively from sales of mushroom-derived products, and the Company expects that its mushroom-based products will account for substantially all of its revenue for the foreseeable future.

If the mushroom market declines or mushroom-derived products fail to achieve substantially greater market acceptance than they currently enjoy, the Company will not be able to grow its revenues sufficiently for it to achieve consistent profitability. Even if products to be distributed by the Company conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of mushrooms. Adverse publicity about mushroom-derived products that the Company sells may discourage consumers from buying products distributed by the Company.

#### *Consumer Perception of Mushrooms*

The Company is highly dependent upon consumer perception of mushrooms and mushroom-derived products. The public may associate its mushrooms with illegal psychoactive mushrooms, which are prohibited substances. The Company's revenues may be negatively impacted due to the fact the market does not fully accept mushroom-based products as a health-food product.

#### *Brand Awareness*

The Company's brand is very new and brand awareness has not been achieved inside or outside Canada and the United States. There is no assurance that the Company will be able to achieve brand awareness in any of the regions it operates in, or anywhere else. In addition, the Company must develop successful marketing, promotional and sales programs in order to sell its products. If the Company is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

#### *Development of New Products*

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

#### *The Dietary Supplement Industry is an Intensely Competitive Market*

We cannot assure potential investors that consumers will continue to embrace using dietary supplement products derived from mushroom ingredients. Many factors must be considered when investing in this industry due to regulations set by agencies that regulate the industry. We face significant competition from others in this industry. The industry is highly fragmented with smaller companies offering products, to large multi-national corporations with integrated manufacturing operations, all of which may affect our entry into the market. Many companies may have greater financial resources than our Company and to the extent we compete directly with any given company with greater financial resources, we may be at a disadvantage.

#### *Regulations and oversight by Health Canada, the FDA, or other governmental authorities may adversely affect our business*

Other risks within our industry are outlined in the Prospectus and are related to laws and regulations enforced by governmental authorities, such as Health Canada, the FDA, the FTC, the U.S. Department of Agriculture ("**USDA**"), Consumer Product Safety Commission ("**CPSC**"), the Environmental Protection Agency ("**EPA**") and various other federal, state and local authorities that regulate our operations. No assurances can be made that any ruling from a governmental authority, court or other entity will not ban the use of any product or ingredient, or our participation in the market.

Regulations and oversight by Health Canada and the FDA or other governmental authorities may adversely affect our business. We are subject to regulations or oversight implemented by Health Canada and the FDA and other governmental authorities which may materially affect our ability to conduct business, including, but not limited to,

limit the number or types of ingredients and products we are able to produce. Further, the oversight from the FDA or other governmental authorities may increase the costs associated with our products and operating our company and business, which would adversely affect our shareholders.

#### *Compliance with Regulation in the United States*

The processing, formulation, safety, manufacturing, packaging, labeling, advertising and distribution of our products and the business activities of the Company are subject to U.S. federal laws and regulation by one or more U.S. federal agencies, including the FDA, FTC, CPSC, EPA and other governmental authorities. We are also regulated by various U.S. state and local laws and regulations as well as agencies of the states and local units of government in which our products are sold. These laws and regulations may prevent or delay the introduction, or require the reformulation or recall, of our products, which could result in lost revenues and increased costs to us. For instance, the FDA regulates, among other things, the composition, safety, manufacture, labeling and marketing of dietary ingredients and dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use). Dietary supplements and dietary ingredients that do not comply with FDA laws and regulations, such as the DSHEA, can be deemed adulterated or misbranded. Manufacturers and distributors of dietary supplements and dietary ingredients are prohibited from marketing products that are adulterated or misbranded, and the FDA or other governmental entities may take enforcement action against any adulterated or misbranded dietary supplement on the market. The FDA and other U.S. governmental entities have broad enforcement powers. If we violate applicable regulatory requirements, the FDA and U.S. governmental authorities may bring enforcement actions against us, which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

The FDA may determine that a particular dietary supplement or ingredient presents an unacceptable health risk based on the required submission of serious adverse events or other information, or may determine that a particular claim or statement of nutritional value that we use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a “health claim” which we are not allowed to make. Any of these actions could prevent us from marketing particular dietary supplement products or making certain claims or statements with respect to our products. The FDA could also require us to recall, withdraw or remove a particular product from the market. Any recall, withdrawal or removal would result in additional costs to us, including lost revenues from any products that we are required to remove from the market, any of which could be material. Any product recalls, withdrawals or removals could also lead to an increased risk of litigation and liability, substantial costs, and reduced growth prospects.

The FDA has issued guidance governing the notification of new dietary ingredients (“**NDIs**”). The guidance, if fully implemented, could have a material impact on our operations. FDA enforcement of the NDI guidance could require us to incur additional expenses, which could be significant, and negatively affect our business, including, but not limited to, the prohibition on sale of new dietary ingredients or dietary supplements until the FDA determines that those ingredients or products comply with applicable laws and regulations.

The FTC exercises jurisdiction over the advertising of dietary supplements and has instituted numerous enforcement actions against dietary supplement companies for failure to have adequate substantiation for claims made in advertising or for the use of false or misleading advertising claims. Failure by us to comply with applicable regulations could result in substantial monetary penalties and could have a material adverse effect on our financial condition or results of operations.

#### *Future Regulation in the United States*

From time to time, U.S. federal, state or local legislative and governmental authorities may impose additional or more stringent laws or regulations that could apply to our Company, business and products, repeal laws or regulations that we consider favorable to us or impose more stringent interpretations of current laws or regulations. We are not able to predict the nature of such future laws, regulations, repeals or interpretations or to predict the effect that additional governmental regulation, when and if it occurs, would have on our business in the future. Those developments could prohibit the sale and marketing of ingredients and products or require



reformulation of products to meet new standards, recalls or discontinuance of products (including products that we sell). Further, we may be subject to requirements for reformulation, labeling, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, quality control requirements, adverse event reporting or other requirements. Any developments of this nature could increase our costs significantly and could have a material adverse effect on our business, financial condition and results of operations.

*Unfavorable publicity or consumer perception of our products could have a material adverse effect on our reputation, which could result in decreased sales and significant fluctuations in our business, financial condition and results of operations*

We may depend significantly on consumer perception regarding the safety and quality of our products. Consumer perception of products can be significantly influenced by adverse publicity in the form of published scientific research, media attention, social media, or other publicity, whether or not accurate, that associates consumption of our products or any other similar products with illness or other adverse effects, or questions the benefits of our or similar products or that claims that any such products are ineffective. A new product may initially be received favorably, resulting in high sales of that product, but that sales level may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to our industry or any of our particular products and may not be consistent with earlier favorable research or publicity. Unfavorable research or publicity could have a material adverse effect on our ability to generate sales. Our dietary supplement products are not drug products and cannot be used to diagnose, treat, cure or prevent any disease, and we may be subject to legal and regulatory actions if our products were classified as drug or food products with respect to the marketing and sale of our products.

*Product recalls, withdrawals or seizures, which could materially and adversely affect our business, financial condition and results of operations*

We may be subject to product recalls, withdrawals or seizures if any of the products we sell is believed to cause injury or illness or if we are alleged to have violated governmental regulations in the manufacturing, labeling, promotion, sale or distribution of those products. A significant recall, withdrawal or seizure of any of the products we manufacture or sell may require significant management attention, would likely result in substantial and unexpected costs and may materially and adversely affect our business, financial condition or results of operations. Furthermore, a recall, withdrawal or seizure of any of our products may adversely affect consumer confidence in our brands and thus decrease consumer demand for our products. As is common in the dietary supplement industry, we rely on our contract manufacturers and suppliers to ensure that the products they manufacture and sell to us comply with all applicable regulatory and legislative requirements. In general, we seek representations and warranties, indemnification and/or insurance from our contract manufacturers and suppliers. However, even with adequate insurance and indemnification, any claims of non-compliance could significantly damage our reputation and consumer confidence in our products. In addition, the failure of those products to comply with applicable regulatory and legislative requirements could prevent us from marketing the products or require us to recall or remove such products from the market, which in certain cases could materially and adversely affect our business, financial condition and results of operations.

*We are subject to environmental, health and safety laws and regulations, which could subject us to liabilities, increase our costs or restrict our operations in the future*

Our operations are subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the handling and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety. We are also subject to laws and regulations governing the handling and disposal of noncompliant products and waste, the handling of regulated material that is included in our products and the disposal of products at the end of their useful life. These laws and regulations have increasingly become more stringent, and we may incur additional expenses to ensure compliance with existing or new requirements in the future. Any failure by us to comply with environmental, health and safety requirements

could result in the limitation or suspension of our operations. We also could incur monetary fines, civil or criminal sanctions, third-party claims or cleanup or other costs as a result of violations of or liabilities under such requirements. In addition, compliance with environmental, health and safety requirements could restrict our ability to expand our facilities or require us to acquire costly pollution control equipment or incur other significant expenses.

#### *Commercialization and Marketing of Products*

The Company is reliant on third-party consultants to assist in its investigating the process of developing and commercializing its mushroom products. No assurance can be given that the results of these investigations will determine that manufacturing and distribution of its products will be feasible or commercially viable. A failure to obtain satisfactory results on these investigations could have a material adverse effect on the Company's business and may adversely affect the Company's ability to begin earning revenue.

#### *Dependence on Management and Key Personnel*

The Company has a small management team and is dependent on certain members of its management and consultants. The loss of the services of one or more of them could adversely affect the Company. The Company's ability to maintain its competitive position is dependent upon its ability to attract and retain highly qualified managerial, specialized technical, manufacturing, sales and marketing personnel. There can be no assurance that the Company will be able to continue to recruit and retain such personnel. The inability of the Company to recruit and retain such personnel would adversely affect the Company's operations and product development.

#### *Conflicts of Interest*

Certain directors and officers of the Company are or may become associated with other companies in the same or related industries, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

#### *Health and Safety*

Health and safety issues related to our products may arise that could lead to litigation or other action against the Company or to regulation of certain of its product components. The Company may be required to modify its recipes or packaging and may not be able to do so. It may also be required to pay damages that may reduce its profitability and adversely affect its financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect the Company's ability to market certain of its products and, in turn, could harm its business and results from operations.

#### *Product Contamination*

The sale of products for human consumption involves inherent risks. The Company could decide to, or be required to, recall products due to suspected or confirmed contamination or product tampering. A product recall could adversely affect product sales financial condition and results of operation as well as the Company's general reputation in the industry.

#### *Product Liability Claims*

The Company may be required to pay for losses or injuries purportedly or actually caused by its products. As the Company does not yet have any products, it has not been subject to any product liability claims; however, it may

be subject to such claims in the future. In the event that the Company's products are found to cause any injury or damage, the Company will be subject to substantial liability. This liability may exceed the funds available to the Company.

#### *Company and result in the failure of its business*

In certain circumstances, the Company's reputation could be damaged. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

#### *Marketing and distribution capabilities*

In order to commercialize its products, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market any of its products, the Company must either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel, and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

#### *Competition*

The Company's industry is highly competitive and composed of many domestic and foreign companies. The Company has experienced and expects to continue to experience, substantial competition from numerous competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

#### *Regulation*

The Company's products are subject to numerous Canadian and U.S. federal, provincial, state and local legislation and measures relating to the manufacture of products for human consumption. There can be no assurance that the Company will not experience difficulties with its efforts to comply with applicable regulations as they change in the future or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on the Company's results of operations, business, prospects and financial condition.

#### *Intellectual Property*

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its brand and its product creation processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no

assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

We have trademark applications in Canada and the U.S. for our key name and phrases. The trademarking process can take up to 24 months or longer to complete and can be challenged during the process. At this time, we cannot state whether the trademarks we have applied for will be approved, refused, and/or ultimately registered. In addition, our trademark rights and related registrations may be challenged in the future and could be cancelled or narrowed.

Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. In addition, if we do not keep our trade secrets confidential, others may produce products with our recipes or formulations. Moreover, there is a risk that the transfer of intellectual property rights pursuant to the Asset Purchase Agreement was deficient which could give rise to litigation risk. Intellectual property disputes and proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have a material adverse effect on our business, results of operations and financial condition.

#### *Currency Fluctuations*

Fluctuations in the exchange rate between the United States dollar and the Canadian dollar may have a material effect on the Company's results of operations. To date, the Company has not engaged in exchange rate-hedging activities. To the extent that the Company may seek to implement hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

#### *COVID-19 Outbreak*

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. However, depending on the length and severity of the pandemic, COVID-19 could interrupt the Company's operations; increase operating expenses; cause delayed performance of contractual obligations; cause delays in the Company's ability to purchase mushroom powder; cause packaging restrictions on shipping; cause delays relating to approval from Health Canada; impair the Company's ability to raise funds depending on COVID-19's effect on capital markets; adversely affect the Company's supply partners, contractors, customers and/or transportation carries; and cause changes in the Company's regulatory framework which may increase competition for the mushrooms and packaging used by the Company or affect Rritual's ability to deliver its products to customers – each which could materially affect the business and financial condition of the Company.

In particular, as of the date of this Prospectus, the full extent of the effects of the COVID-19 pandemic is unknown. The continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the Company's plan of distribution and use of available funds and the timelines, business objectives or disclosed milestones related thereto, and thus, adversely impact the Company's business, financial condition, results of operations and prospects. In addition, there can be no assurance that the Company will not lose members of its workforce such as its consultants or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks. The Company will actively assess and respond where possible to the potential impact

of the COVID-19 pandemic. It is difficult to predict how the COVID-19 pandemic may affect the Company's business in the future, including the effect it may have (positive or negative; long or short term) on the price of, and demand for, NHPs and other products. It is possible that the COVID-19 virus could have a material adverse effect on the Company's business, financial condition, results of operations and prospects as well as the market for its securities and/or its ability to obtain financing. The extent to which the COVID-19 pandemic impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus, the duration of the outbreak and the actions to contain its impact.

## **Risks Relating to the Common Shares and Unit Warrants**

### *Market Price of Common Shares and Unit Warrants and Volatility*

The Common Shares and Unit Warrants have been conditionally approved for listing on the CSE but do not currently trade on any exchange or stock market and the price of the Offered Units was negotiated with the Co-Lead Underwriters. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to our performance that may affect the price of the Common Shares or Unit Warrants include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares or Unit Warrants may affect an investor's ability to trade significant numbers of Common Shares or Unit Warrants; the size of our public float may limit the ability of some institutions to invest in Common Shares or Unit Warrants; and a substantial decline in the price of the Common Shares or Unit Warrants that persists for a significant period of time could cause the Common Shares or Unit Warrants, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares or Unit Warrants at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares or Unit Warrants may affect the pricing of the Common Shares or Unit Warrants in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares or Unit Warrants. The market price of the Common Shares and Unit Warrants is affected by many other variables that are not directly related to our success and are, therefore, not within our control. These include other developments that affect the breadth of the public market for the Common Shares and Unit Warrants, the release or expiration of lock-up or other transfer restrictions on the Common Shares and Unit Warrants, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares and Unit Warrants is expected to make the Common Share and Warrant prices volatile in the future, which may result in losses to investors.

### *No Established Market*

There is currently no market through which the Company's securities may be sold and purchasers may not be able to resell the Common Shares or Unit Warrants purchased under this Prospectus. An active public market for the Common Shares or Unit Warrants might not develop or be sustained after this Offering. Even if a market develops, there is no assurance that the price of the Common Shares or Unit Warrants offered under this Prospectus, which has been determined by negotiations between the Company and Underwriters, will reflect the prevailing market price of the Common Shares and Unit Warrants following this Offering. If an active public market for the Common Shares and Unit Warrants does not develop, the liquidity of a shareholder's investment may be limited, and the Common Share and Unit Warrants price may decline below the initial public offering price.

### *Lack of Active Market*

There can be no assurance that an active market for the Common Shares or Unit Warrants will continue and any increased demand to buy or sell the Common Shares or Unit Warrants can create volatility in price and volume.

### *No Market for Convertible Note Unit Warrants*

The Convertible Note Unit Warrants will not be listed for trading on any stock exchange following the closing of the Offering and there will be no market through which the Convertible Note Unit Warrants may be sold. The Company has no intention to apply to any stock exchange for listing of the Convertible Note Unit Warrants. As a result, purchasers may not be able to resell the Convertible Note Unit Warrants compromising part of the Convertible Note Units. This may affect the pricing of the Convertible Note Unit Warrants in the secondary market, the transparency and availability of trading prices and the liquidity of the securities. To the extent that purchasers of Convertible Note Unit Warrants sell the Convertible Note Unit Warrant Shares issued upon the exercise of the Convertible Note Unit Warrants, the market price of the Common Shares may decrease due to the additional selling pressure in the market. The risk of dilution from issuances of Common Shares upon exercise of Convertible Note Unit Warrants may cause shareholders to sell their Common Shares, which could further contribute to any decline in the Common Share market price. Any downward pressure on the price of Common Shares caused by the sale of Convertible Note Unit Warrant Shares could encourage short sales by third parties. Such short sales of Common Shares could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could lead to a decline in the market price of the Common Shares.

### *Dividends*

We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Common Shares in the foreseeable future, if ever. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

### *Substantial Number of Authorized but Unissued Shares*

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

### *Dilution*

Future sales or issuances of equity securities could decrease the value of the Common Shares, Unit Warrants and Convertible Note Unit Warrants, dilute shareholders' voting power and reduce future potential earnings per Common Share. We intend to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance our operations, development, exploration, acquisitions or other projects.

Substantial additional financing may be required by the Company. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares and Unit Warrants. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per Common Share.

As a result of any of these factors, the market price of the Common Shares or Unit Warrants at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

#### *Tax Issues*

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

Although the Directors will seek to minimize the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specializes in investments of this nature before making any decision to invest.

### **PROMOTERS**

David Kerbel, the Chief Executive Officer and a director of the Company, took the initiative in the primary organization of the Company and accordingly, is considered to be a "promoter" of the Company, as that term is defined in the *Securities Act* (British Columbia). Mr. Kerbel beneficially owns or controls, directly or indirectly, an aggregate of 400,000 Common Shares, which is 1.12% of the issued and outstanding Common Shares before giving effect to the Offering and 7,312,500 Options. See "Principal Shareholders" and "Executive Compensation".

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since incorporation on May 6, 2019, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since incorporation on May 6, 2019; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that the Company believes must be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares; or (iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since incorporation on May 6, 2019.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

None of the Directors or executive officers of the Company, and no associate or affiliate of the foregoing persons, has, or has had, any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

### **RELATIONSHIP BETWEEN COMPANY AND UNDERWRITERS**

Employees of Canaccord Genuity Corp. hold, in the aggregate, 9,700,000 shares of the Company representing approximately 27.3% of the current issued and outstanding Common Shares and, pursuant to NI 33-105, may be considered to constitute a "professional group" under NI 33-105. Consequently, the Company may be considered to be a "related issuer" of Canaccord Genuity Corp. for the purposes of NI 33-105 and other applicable securities legislation. The decision to proceed with the Offering and the determination of the terms of the Offering were made through negotiations between the Company and the Co-Lead Underwriters, as further described under "Plan of Distribution". The Offering was not required, suggested or consented to by the employees of Canaccord Genuity Corp. constituting a "professional group" under NI 33-105. As a consequence of the Offering, each Co-Lead

Underwriter will receive its share of the Underwriters' Commission as set out under "Use of Proceeds" and the reimbursement of their expenses as further described under "Plan of Distribution".

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Davidson and Company LLP, located at 1200-609 Granville Street, Vancouver, British Columbia, V7Y 1G6.

The transfer agent and registrar for the Common Shares is Odyssey Trust Company, located at 323 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

#### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only contracts which have been entered into by the Company as of the date hereof or which will be entered into prior to the Closing of this Offering and which are regarded presently as material are:

1. Asset Purchase Agreement dated July 20, 2020, between the Company and the Vendors. See "Business of the Company".
2. Long Term Incentive Plan adopted on June 23, 2020. See "Description of the Securities Distributed".
3. Development Agreement dated June 8, 2020, between the Company and the Manufacturing Partner. See "History of the Business".
4. Pilot Agreement dated August 20, 2020, between the Company and the Manufacturing Partner. See "History of the Business".
5. Transfer Agent Agreement dated October 7, 2020, between the Company and the Transfer Agent.
6. Quality Agreement dated January 8, 2021, between the Company and the Manufacturing Partner.
7. Supply Agreement dated February 21, 2021, between the Company and the Manufacturing Partner.
8. Underwriting Agreement dated February 26, 2021, between the Company and the Co-Lead Underwriters. See "Plan of Distribution".
9. Escrow Agreement dated February 26, 2021, between the Company, the Transfer Agent and certain securityholders of the Company. See "Escrowed Securities".
10. Voluntary Escrow Agreement dated February 26, 2021, between the Company, the Transfer Agent and certain securityholders of the Company. See "Escrowed Securities".
11. Warrant Indenture to be entered into between the Company and the Warrant Agent.

#### **EXPERTS**

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus:

- (a) The audited consolidated financial statements included in this Prospectus have been subject to audit by Davidson and Company LLP, and their audit report is included herein. Davidson and



Company LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

- (b) The opinion under the section “Eligibility for Investment” has been provided by Clark Wilson LLP and Borden Ladner Gervais LLP.

None of the foregoing persons, partnerships or companies or any director, officer, employee, principal or partner thereof holds, have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person or company prepared the report, valuation, statement or opinion aforementioned or thereafter. No other director, officer, partner or employee of any of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or any associates or affiliates of the Company.

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Clark Wilson, LLP, counsel to the Company, and Borden Ladner Gervais, LLP, counsel to the Underwriter, based on the provisions of the Income Tax Act (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”) in force as of the date hereof,

- the Unit Shares and Unit Warrant Shares will, on the date of issue, be qualified investments for trusts governed by registered retirement savings plans (each a “**RRSP**”), registered education savings plans (each a “**RESP**”), registered retirement income funds (each a “**RRIF**”), registered disability savings plans (each a “**RDSP**”), deferred profit sharing plans and tax free savings accounts (each a “**TFSA**”), all within the meaning of the Tax Act (collectively, “**Plans**”) provided that the Unit Shares and Unit Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the CSE); and
- the Unit Warrants will, on the date of issue, be qualified investments for Plans provided that either (i) the Unit Warrants are listed on a “designated stock exchange” as defined in the Tax Act (which includes the CSE), or (ii) the Unit Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the CSE) and the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Plan.

Notwithstanding the foregoing, if the Unit Shares, Unit Warrant Shares or Unit Warrants held by a TFSA, RRSP, RRIF, RDSP or RESP are “prohibited investments” for purposes of the Tax Act, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Unit Warrant Shares and Unit Warrants will be a “prohibited investment” if the holder of a TFSA or RDSP, the annuitant of a RRSP or RRIF or the subscriber of the RESP, as the case may be: (i) does not deal at arm’s length with the Company for purposes of the Tax Act; or (ii) has a “significant interest” (within the meaning of the Tax Act) in the Company. In addition, the Unit Shares, Unit Warrant Shares and Unit Warrants will not be a “prohibited investment” if the Unit Shares, Unit Warrant Shares and Unit Warrants are “excluded property”, as defined in the Tax Act, for a TFSA, RRSP, RRIF, RDSP or RESP. Holders who intend to hold Unit Shares, Unit Warrant Shares or Unit Warrants in a TFSA, RRSP, RRIF, RDSP or RESP should consult their own tax advisors in this regard.

#### **RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right must be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province.

The Offered Units are partially comprised of Unit Warrants and investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the Unit Warrant is offered to the public under the Prospectus Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces.

The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

The Company has granted to each holder of Convertible Notes a contractual right of rescission of the prospectus-exempt transaction under which the Convertible Notes were initially acquired. The contractual right of rescission provides that if a holder of a Convertible Note who acquires Convertible Note Unit Shares and the Convertible Note Unit Warrants upon conversion of the Convertible Note as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, then:

- (a) the holder is entitled to a full refund from the Company of all consideration paid to the Company upon the acquisition of the Convertible Note; and
- (b) if the holder is a permitted assignee of the interest of the original Convertible Note subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

#### **FINANCIAL STATEMENTS**

The Company has included (i) audited financial statements of the Company for the period from incorporation on May 6, 2019 to June 30, 2019; (ii) audited financial statements of the Company for the year ended June 30, 2020; and (ii) interim financial statements of the Company for the six months ended December 31, 2020.

**SCHEDULE A**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION  
ON MAY 6, 2019 TO THE FINANCIAL YEAR ENDED JUNE 30, 2019  
AND FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020**

**(AUDITED)**  
(See attached)

**RRITUAL SUPERFOODS INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2020**

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Rritual Superfoods Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Rritual Superfoods Inc. (the "Company"), which comprise the consolidated balance sheets as at June 30, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year ended June 30, 2020 and the period from incorporation on May 6, 2019 to June 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the year ended June 30, 2020 and the period from incorporation on May 6, 2019 to June 30, 2019 in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

A handwritten signature in black ink that reads "Davidson & Coysany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 26, 2021



**RRITUAL SUPERFOODS INC.**  
**CONSOLIDATED BALANCE SHEET**  
(Expressed in Canadian Dollars)

<b>AS AT</b>	<b>Note</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 321,270	\$ 2
<b>LIABILITIES AND EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 72,958	\$ -
<b>Equity</b>			
Share capital	6	396,252	2
Share subscriptions received	6	13,000	-
Share subscriptions receivable	6	(20,000)	-
Reserves	6	20,376	-
Deficit		(161,316)	-
Total equity		248,312	2
<b>Total liabilities and equity</b>		<b>\$ 321,270</b>	<b>\$ -</b>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 12)

Approved on behalf of the Board of Directors and authorized for issuance on February 26, 2021:

“Signed”  
\_\_\_\_\_  
David Kerbel, Director

“Signed”  
\_\_\_\_\_  
Scott Eldridge, Director

The accompanying notes are an integral part of these consolidated financial statements.

**RRITUAL SUPERFOODS INC.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

		<b>For the year ended June 30, 2020</b>	<b>For the period from incorporation on May 6, 2019 to June 30, 2019</b>
	<i>Note</i>		
<b>Expenses</b>			
General and administrative		\$ 10,848	\$ -
Consulting	7	111,570	-
Professional fees		18,522	-
Share-based compensation	6	20,376	-
<b>Comprehensive loss for the period</b>		<b>\$ 161,316</b>	<b>\$ -</b>
<b>Loss per share</b>			
Basic and diluted		\$ 0.33	\$ -
<b>Weighted average number of common shares</b>			
Basic and diluted		486,542	200

The accompanying notes are an integral part of these consolidated financial statements.

**RRITUAL SUPERFOODS INC.****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

	Number of common shares	Share Capital	Share subscriptions received	Share subscriptions receivable	Reserves	Deficit	Total equity
<b>Balance, May 6, 2019 (Incorporation)</b>	200	\$ 2	\$ -	\$ -	\$ -	\$ -	2
<b>Balance, June 30, 2019</b>	200	\$ 2	\$ -	\$ -	\$ -	\$ -	2
Common shares issued for cash	17,750,000	355,000	13,000	(20,000)	-	-	348,000
Share issuance costs - cash	-	(8,750)	-	-	-	-	(8,750)
Common shares issued for services pursuant to debt settlement	2,500,000	50,000	-	-	-	-	50,000
Share-based compensation	-	-	-	-	20,376	-	20,376
Net loss for the period	-	-	-	-	-	(161,316)	(161,316)
<b>Balance, June 30, 2020</b>	<b>20,250,200</b>	<b>396,252</b>	<b>13,000</b>	<b>(20,000)</b>	<b>20,376</b>	<b>(161,316)</b>	<b>248,312</b>

The accompanying notes are an integral part of these consolidated financial statements.

**RRITUAL SUPERFOODS INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	<b>For the year ended June 30 2020</b>	<b>For the period from incorporation on May 6, 2019 to June 30 2019</b>
<b>Operating activities</b>		
Net loss for the period	\$ (161,316)	\$ -
Adjusted for:		
Share-based compensation	20,376	-
Shares issued for service	50,000	-
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	64,208	-
Cash flows from operating activities	(26,732)	-
<b>Financing activities</b>		
Common shares issued for cash	335,002	2
Subscriptions received in advance	13,000	-
Cash flows from financing activities	348,002	2
<b>Change in cash</b>	<b>321,270</b>	<b>2</b>
<b>Cash, beginning of period</b>	<b>-</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 321,270</b>	<b>\$ 2</b>
<b>Supplemental cash flow information:</b>		
Share issuance costs included in accounts payable	\$ 8,750	\$ -

No cash was paid for interest or income taxes for the period presented.

The accompanying notes are an integral part of these consolidated financial statements.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2020

(Expressed in Canadian Dollars)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Rritual Superfoods Inc. (the “Company”) was incorporated pursuant to the provisions of the British Columbia Business Corporations Act as 1207645 BC Ltd. on May 6, 2019. On April 3, 2020, it changed its name to Rritual Mushrooms Inc. and on November 5, 2020, it changed its name to Rritual Superfoods Inc. The Company’s registered and records office address is 900 – 855 West Georgia Street, Vancouver, BC, V6C 3H1. The Company’s head office address is 151 West Hasting Street, Vancouver BC, V6B 1H4.

The Company is engaged in the business of development, marketing, sales, and distribution of proprietary dietary and nutritional supplements and beverages containing herbs and other extracts such as fruits, roots, fungi, and vegetables. The Company’s initial product launches are focused plant-based products incorporating mushroom based adaptogens. The Company will sell its suite of products through an omni-channel business strategy direct to consumer and, through distribution partners, to brick and mortar retailers.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company’s ability to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company’s environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company’s operations. As of February 26, 2021, the extent of the impact of this outbreak and related containment measures on the Company’s operations cannot be reliably estimated.

**2. BASIS OF PRESENTATION****Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

**2. BASIS OF PRESENTATION (Continued)****Presentation and functional currency**

The consolidated financial statements of the Company are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiary is detailed below.

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Ritual USA Inc.	Ritual USA	USA	100%	CAD	Dietary Supplements

**Consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiary, which is controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. All intercompany transactions are eliminated upon the preparation of these consolidated financial statements.

**3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Share-based payments**

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of warrants and stock options granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry as it presented a reasonable analogy of an emerging consumer product segment. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**Foreign currencies**

*Functional and presentation currency*

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary was determined by conducting an analysis of the consideration factors identified in IAS 21, “*The Effects of Changes in Foreign Exchange Rates*” (“IAS 21”). The functional currency of the Company and its subsidiary is included within Note 2.

*Translation of foreign transactions and balances into the functional currency*

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

*Translation of the functional currency into the presentation currency*

The results of operations which have a different presentation currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the period. The assets and liabilities of these operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of these operations to Canadian dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

**Share-based payments**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Income taxes (Continued)**

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Financial instruments**Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified on the statement of financial position at FVTPL.



**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial instruments (Continued)**

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified on the statement of financial position at amortized cost.

**Share capital**

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

**5. NEW ACCOUNTING PRONOUNCEMENTS**

**New accounting policies**

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than July 1, 2020. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES****Authorized**

Unlimited common shares with no par value. As of June 30, 2020, there were 20,250,000 common shares outstanding

**Issued and Outstanding – Common Shares Fiscal 2020:**

During the period ended June 30, 2020 the Company issued common shares as follows:

- a) The Company completed a non-brokered private placement of \$335,000 by the issuance of 17,750,00 common shares at a price of \$0.02 per share. An additional \$13,000 was received in advance of a second closing on the same terms. Subsequently the Company issued 650,000 common shares in relation to the \$13,000 in subscriptions received in advance. \$20,000 of the private placement was recorded as subscriptions receivable and was received after period end.
- b) The Company issued 2,500,000 common shares to directors of the Company at a price of \$0.02 per share pursuant to debt settlement agreements for total consideration of \$50,000. The consideration consisted of \$40,685 in unpaid consulting fees and \$9,315 of costs incurred on behalf of the Company.

**Issued and Outstanding – Common Shares Fiscal 2020:**

During the period ended June 30, 2019 the Company issued common shares as follows:

- a) The Company issued 200 common shares upon incorporation with a value of \$2.

**Stock options**

The Company has adopted a long-term incentive plan (the "Plan") for its directors, officers, employees, and consultants to acquire common shares of the Company. The plan provides a framework for the Company to grant Stock Options, Restricted Share Units, Performance Share Units, and Deferred Share Units. The aggregate number of Stock options and Units granted shall not exceed 25% of the issued and outstanding common shares of the Company with no one individual director or officer being granted options or units to acquire more than 10% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the market price on the date of grant. The maximum term of an option award under the plan is 10 years.

A summary of stock option activity is as follows:

	<b>Number of Options</b>	<b>Weighted Average Price</b>
<b>Balance at May 6, 2019</b>	-	\$ -
<b>Balance at June 30, 2019</b>	-	\$ -
Granted	5,300,000	\$ 0.10
<b>Balance at June 30, 2020</b>	5,300,000	\$ 0.10

The following table summarizes stock options outstanding and exercisable as at June 30, 2020:

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

---

<b>Expiry date</b>	<b>Number of Options</b>	<b>Number of Exercisable Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Years</b>
June 23, 2025	5,300,000	Nil	\$0.10	4.98

---

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES (Continued)****Stock options (Continued)**

Share-based compensation expense recognized during the year of \$12,156 related to options granted and vested during the year. The Option Pricing Model used the following weighted average assumptions:

	<b>June 30, 2020</b>
Risk-free interest rate	0.50%
Expected life of options	4
Expected forfeitures	10%
Annualized volatility	80%
Dividend rate	0%
Weighted average fair value per option	\$0.01

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded companies.

**Restricted Share Units (“RSUs”)**

A summary of restricted shares unit activity is as follows:

	<b>Number of RSUs</b>	<b>Share price on grant date</b>
<b>Balance at May 6, 2019</b>	-	\$ -
<b>Balance at June 30, 2019</b>	-	\$ -
Granted	900,000	\$ 0.02
<b>Balance at June 30, 2020</b>	900,000	

The restricted share units vest 20% on January 1, 2021 and 20% every three months thereafter.

Share-based compensation expense recognized during the year of \$8,220 related to Restricted Shares Units.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

**7. RELATED PARTY TRANSACTIONS****Key management personnel**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended June 30, 2020 the Company entered the following key management transactions:

	<b>June 30,</b>
<b>Transaction summary:</b>	<b>2020</b>
Consulting services - Amandeep Gill, former Director (Note 6)	\$ 22,500
Consulting services - Gurinder Sandhu, former Director (Note 6)	18,185
Consulting services - David Kerbel, CEO	6,935
Share-based compensation - options granted - Amandeep Gill, former Director	1,548
Share-based compensation - options granted - Gurinder Sandhu, former Director	1,548
Share-based compensation - options granted - David Kerbel, CEO	1,032
Share-based compensation - options granted - Robert Payment, CFO	688
Share-based compensation - options granted - Warren Spence, Director	1,147
Share-based compensation - options granted - David Lubotta, Director	1,032
Share-based compensation - options granted - Mike Hart, President	1,032
<b>Total</b>	<b>\$ 55,647</b>

In relation to the grant of 3,500,000 stock options exercisable to the above individuals the Company recorded share-based compensation of \$8,027.

**8. FINANCIAL INSTRUMENTS****Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, due to related parties, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

**8. FINANCIAL INSTRUMENTS (Continued)**

**Financial risk management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of cash.

*Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would not have a significant impact on profit or loss for the period. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2020

(Expressed in Canadian Dollars)

**9. CAPITAL MANAGEMENT**

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year presented. The Company is not subject to externally imposed capital requirement.

**10. INCOME TAX**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>June 30 2020</b>	<b>June 30 2019</b>
	<b>\$</b>	<b>\$</b>
Earnings (loss) for the year	(161,316)	-
Expected income tax (recovery) - 27% tax rate	(44,000)	-
Share issuance costs	(2,000)	-
Permanent Difference	5,000	-
Change in unrecognized deductible temporary differences	41,000	-
<b>Total income tax expense (recovery)</b>	<b>-</b>	<b>-</b>

The significant components of the Company's deferred tax assets and liabilities that have not been included in the consolidated statement of financial position are as follows:

	<b>June 30 2020</b>	<b>June 30 2019</b>
	<b>\$</b>	<b>\$</b>
Deferred Tax Assets (liabilities)		
Share issue costs	2,000	-
Non-capital losses	39,000	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	<b>30 June 2020</b>		<b>30 June 2019</b>	
	<b>\$</b>	<b>Expiry Date Range</b>	<b>\$</b>	<b>Expiry Date Range</b>
<b>Temporary Differences</b>				
Share issue costs	7,000	2040-2044	-	NA
Non-capital losses	143,000	No expiry date	-	NA

Tax attributes are subject to review, and potential adjustment by tax authorities.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

**11. SEGMENTED INFORMATION**

The Company operates in one reportable business segment, the marketing and distribution of dietary supplements containing functional mushrooms. The Company defines its reportable segments based on geographical locations. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance. During the period ended June 30, 2020 all assets and liabilities and operating activity occurred in the Canadian segment.

**12. SUBSEQUENT EVENTS**

Subsequent to June 30, 2020, the Company completed the following transactions:

- a) The Company completed a private placement of 3,450,000 common shares at a price of \$0.02 per share for gross proceeds of \$69,000.
- b) The Company acquired product formulations for total consideration of 1,500,000 common shares with a fair value of \$0.02 per share for an aggregate fair value of \$30,000. Of the 1,500,000 shares issued 1,375,000 were issued to directors of the Company.
- c) The Company completed a private placement of 8,825,000 units at a price of \$0.10 per unit for gross proceeds of \$882,500. Each unit consists of one common share and one-half common share purchase warrant exercisable at a price of \$0.45 for a period of two years from closing.
- d) The Company issued 1,380,000 common shares for services at a fair value of \$0.10 per share for total consideration of \$138,000. Of the shares issued 1,300,000 were issued to directors and officers of the Company.
- e) The Company issued options to acquire 2,225,000 common shares at an exercise price of \$0.30 per share for a period of five years. The options vest  $\frac{1}{4}$  three months from grant and  $\frac{1}{4}$  every three months thereafter.
- f) The Company completed a financing of Qualifying Convertible Notes in the aggregate Principal Amount of \$950,452. The Qualifying Convertible Notes automatically convert into Convertible Note Units upon the earlier of: (i) the Company receiving a receipt for its final Prospectus in this Offering from the securities regulatory authorities in each of the jurisdictions in which the Company files the Prospectus; or (ii) the Maturity Date (March 31, 2021) of the Qualifying Convertible Notes. Upon conversion, each Convertible Note Unit will be comprised of one Convertible Note Unit Share and one-half of one non-transferable Convertible Note Unit Warrant. Each whole Convertible Note Unit Warrant entitles the holder thereof to purchase one additional Convertible Note Unit Warrant Share at the Exercise Price for a period of 24 months from the date of issuance. The Company will not receive any additional proceeds upon the automatic conversion of the Qualifying Convertible Notes. No commission or fee was paid by the Company with respect to the issue of the Qualifying Convertible Notes and no commission or fee will be payable by the Company in connection with the issuance of the Convertible Note Units.

The Qualifying Convertible Notes automatically convert to Convertible Note Units of the Company upon listing on the CSE or within six months. Each Convertible Note Unit is convertible at a price equal to (a) the price per new unit of the Company to be qualified under the prospectus (the "IPO Unit Price") if the IPO Unit Price is determined on or before March 31, 2021, or (b) \$0.25 per Unit if the IPO Unit Price is not determined on or before March 31, 2021. Each convertible note unit is convertible unit into one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of \$0.60 for a period of two years from closing.



**RRITUAL SUPERFOODS INC.**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Expressed in Canadian Dollars)

---

**12. SUBSEQUENT EVENTS (Continued)**

Subsequent to June 30, 2020, the Company completed the following transactions (continued):

- g) The Company issued 375,000 common shares in relation to the exercise of stock options for gross proceeds of \$37,500.
- h) The Company collected \$20,000 in subscriptions receivable.
- i) The Company cancelled 200 common shares.
- j) The Company cancelled options to acquire 1,087,500 common shares at an exercise price of \$0.10 per share for a period of five years.
- k) The Company amended the price of options to acquire 1,650,000 common shares from an exercise price of \$0.10 to \$0.30.
- l) The Company issued options to acquire 700,000 common shares at an exercise price of \$0.30 per share for a period of five years. The options vest  $\frac{1}{4}$  three months from grant and  $\frac{1}{4}$  every three months thereafter.
- m) The Company issued 550,000 stock options exercisable at a price of \$0.30 for a period of 5 years. One quarter vest three months from grant and one additional quarter vests every three months thereafter.

**FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020  
(UNAUDITED)**

(see attached)

**RRITUAL SUPERFOODS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)

**For the six months ended December 31, 2020**

(Expressed in Canadian Dollars)

**RRITUAL SUPERFOODS INC.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
(Unaudited - Expressed in Canadian Dollars)

<b>AS AT</b>	<b>Note</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		380,344	321,270
Sales tax receivable		48,495	-
Inventory	4	46,593	-
Prepaid expenses and inventory deposits	5	607,944	-
Deferred financing costs		74,777	-
<b>Total current assets</b>		<b>1,158,153</b>	<b>321,270</b>
<b>Non-Current</b>			
Intangible assets	6	33,950	-
<b>Total assets</b>		<b>1,192,103</b>	<b>321,270</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		208,483	72,958
<b>EQUITY</b>			
Share capital	7	1,485,726	396,252
Share subscriptions received	7	-	13,000
Share subscriptions receivable	7	-	(20,000)
Convertible notes	8	950,402	-
Reserves	7	177,622	20,376
Accumulated other comprehensive income		(16,807)	-
Deficit		(1,613,323)	(161,316)
<b>Total equity</b>		<b>983,620</b>	<b>248,312</b>
<b>Total liabilities and equity</b>		<b>1,192,103</b>	<b>321,270</b>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 13)

Approved on behalf of the Board of Directors and authorized for issuance on February 26, 2021:

“Signed”  
\_\_\_\_\_  
David Kerbel, Director

“Signed”  
\_\_\_\_\_  
Scott Eldridge, Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**RRITUAL SUPERFOODS INC.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

	<i>Note</i>	Three months ended December 31, 2020	Three months ended December 31, 2019	Six months ended December 31, 2020	Six months ended December 31, 2019
		\$	\$	\$	\$
<b>Expenses</b>					
General and administrative		93,061	-	108,374	-
Marketing and Promotion		197,853	-	481,604	-
Consulting	9	186,400	-	575,311	-
Professional fees		116,963	-	127,829	-
Share-based compensation	7 & 9	158,411	-	158,897	-
<b>Net loss</b>		<b>(752,688)</b>	<b>-</b>	<b>(1,452,015)</b>	<b>-</b>
Other comprehensive (loss) income that may be reclassified to net income					
Foreign currency translation gain		(18,667)	-	(16,807)	-
Total other comprehensive income		(18,667)	-	(16,807)	-
Comprehensive loss		(771,355)	-	(1,468,822)	-
Loss per share					
Basic and diluted		\$ (0.02)	\$ -	\$ (0.05)	\$ -
Weighted average number of common shares					
Basic and diluted		35,513,804	200	32,136,540	200

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**RRITUAL SUPERFOODS INC.**
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited - Expressed in Canadian Dollars)

<b>Note</b>	Number of common shares	Share Capital \$	Share subscriptions received \$	Share subscriptions receivable \$	Reserves \$	Equity Portion of Convertible		Accumulated	Deficit \$	Total equity \$
						Notes \$	Loss \$	Other Comprehensive		
<b>Balance, June 30, 2019</b>	200	2	-	-	-	-	-	-	-	2
<b>Balance, December 31, 2019</b>	200	2	-	-	-	-	-	-	-	2

<b>Note</b>	Number of common shares	Share Capital \$	Share subscriptions received \$	Share subscriptions receivable \$	Reserves \$	Equity Portion of Convertible		Accumulated	Deficit \$	Total equity \$
						Notes \$	Loss \$	Other Comprehensive		
<b>Balance, June 30, 2020</b>	20,250,200	396,252	13,000	(20,000)	20,376	-	-	-	(161,316)	248,312
Common shares issued for cash	7	12,275,000	951,500	(13,000)	20,000	-	-	-	-	958,500
Share issuance costs		(69,169)	-	-	-	-	-	-	-	(69,169)
Common shares issued for services	7 & 9	1,380,000	138,000	-	-	-	-	-	-	138,000
Common shares issued for asset acquisition	7 & 9	1,500,000	30,000	-	-	-	-	-	-	30,000
Cancellation of common shares	7	(200)	(8)	-	-	-	-	-	8	-
Exercise of options	7	375,000	39,151	-	-	(1,651)	-	-	-	37,500
Issuance of convertible promissory notes	8	-	-	-	-	-	950,402	-	-	950,402
Share-based compensation	7 & 9	-	-	-	-	158,897	-	-	-	158,897
Net loss and other comprehensive loss for the period		-	-	-	-	-	-	(16,807)	(1,452,015)	(1,468,822)
<b>Balance, December 31, 2020</b>	35,780,000	1,485,726	-	-	177,622	950,402	(16,807)	(16,807)	(1,613,323)	983,620

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**RRITUAL SUPERFOODS INC.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

(Unaudited - Expressed in Canadian Dollars)

	<i>Note</i>	Six months ended December 31, 2020	Six months ended December 31, 2019
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(1,452,015)	-
Adjusted for:			
Share-based compensation	7	158,897	-
Shares issued for service	7 & 9	138,000	-
Changes in non-cash working capital:			
Sales tax receivable		(48,495)	-
Inventory		(47,683)	-
Prepaid expenses and deposits		(617,199)	-
Deferred financing costs		(74,777)	-
Accounts payable and accrued liabilities		136,679	-
Cash flows from operating activities		(1,806,593)	-
<b>Investing activities</b>			
Trademark purchases		(3,950)	-
Cash flows from investment activities		(3,950)	-
<b>Financing activities</b>			
Common shares issued for cash, net of share issue costs	7	926,831	-
Convertible notes issued	8	950,402	-
Cash flows from financing activities		1,877,233	-
Effect of foreign exchange on cash and cash equivalents		(7,616)	-
Change in cash		59,074	-
Cash, beginning of period		321,270	-
Cash, end of period		380,344	-

## Supplemental cashflow disclosure:

The Company purchased \$30,000 of intangible assets through the issuance of common shares (Note 6)

No cash was paid for interest or income taxes for the period presented.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Rritual Superfoods Inc. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act as 1207645 BC Ltd. on May 6, 2019. On April 3, 2020, it changed its name to Rritual Mushrooms Inc and on November 5, 2020, it changed its name to Rritual Superfoods Inc. The Company's registered and records office address is 900 – 855 West Georgia Street, Vancouver, BC, V6C 3H1. The Company's head office address is 151 West Hasting Street, Vancouver BC, V6B 1H4.

The Company is engaged in the business of development, marketing, sales, and distribution of proprietary dietary and nutritional supplements and beverages containing herbs and other extracts such as fruits, roots, fungi, and vegetables. The Company's initial product launches are focused on plant-based products incorporating mushroom based adaptogens. The Company will sell its suite of products through an omni-channel business strategy direct to consumer and, through distribution partners, to brick and mortar retailers.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. As of February 26, 2021, the extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

**2. BASIS OF PRESENTATION****Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standards 34, "*Interim Financial Reporting*" ("IAS34") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

**Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.



**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**2. BASIS OF PRESENTATION (Continued)****Use of estimates, assumptions, and Judgements**

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having given regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the six months ended December 31, 2020 are consistent with those applied and disclosed in Note 3 to the Company's audited consolidated financial statements for the year ended June 30, 2020.

**Presentation and functional currency**

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards identified in Note 3. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended June 30, 2020, including the accompanying notes thereto.

The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiary is detailed below.

<b>Name of subsidiary</b>	<b>Abbreviation</b>	<b>Country of Incorporation</b>	<b>Percentage Ownership</b>	<b>Functional Currency</b>	<b>Principal Activity</b>
Rritual USA Inc.	Rritual USA	USA	100%	USD	Dietary Supplements

**Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiary, which is controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. All intercompany transactions are eliminated upon the preparation of these condensed consolidated interim financial statements.

**3. ACCOUNTING POLICIES****Intangible Assets**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, comprising licenses, trademarks, technology, and product formulations that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives and is recognized in profit or loss. Goodwill is not amortized. The amortization of product formulations begins when the Company starts to generate revenue from the asset.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**RRITUAL SUPERFOODS INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

---

**3. ACCOUNTING POLICIES (Continued)**

**Inventory**

The Company defines inventory as all purchased raw materials and finished goods for resale, consumable supplies and accessories.

Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company reviews these types of inventory for obsolescence, redundancy and slow turnover to ensure that they are written-down and reflected at NRV.

**New accounting policies**

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than July 1, 2020. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**4. INVENTORY**

	December 31, 2020	June 30, 2020
	\$	\$
Raw Materials	33,450	-
Supplies and other consumables	13,143	-
<b>Total</b>	<b>46,593</b>	<b>-</b>

During the six months ended December 31, 2020, inventory expensed to cost of goods sold was \$nil (six months ended December 31, 2019 - \$nil).

**5. PREPAID EXPENSES AND INVENTORY DEPOSITS**

	December 31, 2020	June 30, 2020
	\$	\$
Prepaid expenses	250,546	-
Deposits for inventory	357,398	-
<b>Total</b>	<b>607,944</b>	<b>-</b>

**6. INTANGIBLE ASSETS**

The following is a continuity schedule of intangible assets:

	December 31, 2020	June 30, 2020
	\$	\$
<b>Intangible assets:</b>		
Formulations	30,000	-
Trademarks	3,950	-
<b>Total</b>	<b>33,950</b>	<b>-</b>

The following summarizes the changes in the net book value of intangible assets:

	Formulations and Trademarks
	\$
<b>Intangible assets:</b>	
Net book value, June 30, 2020	-
Additions	33,950
<b>Net book value, December 31, 2020</b>	<b>33,950</b>

**RRITUAL SUPERFOODS INC.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

---

**7. SHARE CAPITAL AND RESERVES**

**Authorized**

Unlimited common shares with no par value. As of December 31, 2020, there were 35,780,000 common shares outstanding

**Issued and Outstanding – Common Shares Fiscal 2020:**

During the six month period ended December 31, 2020 the Company issued common shares as follows:

- a) The Company completed a private placement of 3,450,000 common shares at a price of \$0.02 per share for gross proceeds of \$69,000.
- b) The Company issued 1,500,000 common shares of the Company at a price of \$0.02 per share pursuant to an asset purchase agreement to acquire product formulations for an aggregate fair value of \$30,000. Of the 1,500,000 shares issued, 1,375,000 were issued to directors of the Company.
- c) The Company completed a private placement of 8,825,000 units at a price of \$0.10 per unit for gross proceeds of \$882,500. Each unit consists of one common share and one-half common share purchase warrant exercisable at a price of \$0.45 for a period of two years from closing. The Company incurred shares issuance costs of \$69,169 in relation to the private placement.
- d) The Company issued 1,380,000 common shares for services at a fair value of \$0.10 per share for total consideration of \$138,000. Of the shares issued 1,300,000 were issued to directors and officers of the Company.
- e) The Company issued 375,000 common shares pursuant to the exercise of options in exchange for consideration of \$37,500 and the reallocation of \$1,651 of reserves from previously recognized share-based compensation expense.
- f) The Company cancelled 200 common shares. In relation to the cancellation the Company recorded a charge to deficit of \$8.

**Stock options**

The Company has adopted a long-term incentive plan (the "Plan") for its directors, officers, employees, and consultants to acquire common shares of the Company. The plan provides a framework for the Company to grant Stock Options, Restricted Share Units, Performance Share Units, and Deferred Share Units. The aggregate number of Stock options and Units granted shall not exceed 25% of the issued and outstanding common shares of the Company with no one individual director or officer being granted options or units to acquire more than 10% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the market price on the date of grant. The maximum term of an option award under the plan is 10 years.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**7. SHARE CAPITAL AND RESERVES (Continued)**

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Price
		\$
<b>Balance at June 30, 2020</b>	5,300,000	0.10
Granted	2,925,000	0.30
Exercised	(375,000)	0.10
Cancelled	(1,087,500)	0.10
<b>Balance at December 31, 2020</b>	<b>6,762,500</b>	<b>0.19</b>

The following table summarizes stock options outstanding and exercisable as at December 31, 2020:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price	Weighted Average Remaining
			\$	
June 23, 2025	2,187,500	1,093,750	0.10	4.48
June 23, 2025	1,650,000	825,000	0.30	4.48
October 8, 2025	2,225,000	-	0.30	4.77
November 24, 2025	700,000	-	0.30	4.90
	<b>6,762,500</b>	<b>1,918,750</b>	<b>0.24</b>	<b>4.62</b>

Share-based compensation expense recognized during the period of \$155,432 related to options vested during the period. The Option Pricing Model used the following weighted average assumptions:

	December 31, 2020	June 30, 2020
Risk-free interest rate	0.50%	0.50%
Expected life of options	4	4
Expected forfeitures	10%	10%
Annualized volatility	80%	80%
Dividend rate	0%	0%
<b>Weighted average fair value per option</b>	<b>\$0.17</b>	<b>\$0.01</b>

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded companies.

**Restricted Share Units ("RSUs")**

A summary of restricted shares unit activity is as follows:

	Number of RSU's	Share price on grant date
		\$
<b>Balance at December 31, 2020 and September 30, 2020</b>	<b>900,000</b>	<b>0.02</b>

The restricted share units vest 20% on January 1, 2021 and 20% every three months thereafter. Share-based compensation expense recognized during the period of \$3,465 related to Restricted Shares Units.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**7. SHARE CAPITAL AND RESERVES (Continued)****Share Purchase Warrants**

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of warrants outstanding is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
		\$
<b>Balance at June 30, 2020</b>	-	-
Granted	4,412,500	0.45
<b>Balance at December 31, 2020</b>	<b>4,412,500</b>	<b>0.45</b>

The following table summarizes the warrants that remain outstanding as at December 31, 2020:

<b>Expiry date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
		\$
August 18, 2022	3,587,500	0.45
August 28, 2022	275,000	0.45
September 2, 2022	500,000	0.45
September 18, 2022	50,000	0.45
	<b>4,412,500</b>	

**8. CONVERTIBLE NOTES**

On September 30, 2020, the Company completed a financing of Qualifying Convertible Notes in the aggregate Principal Amount of \$950,402. The Qualifying Convertible Notes automatically convert into Convertible Note Units upon the earlier of: (i) the Company receiving a receipt for its final Prospectus from the securities regulatory authorities in each of the jurisdictions in which the Company files the Prospectus; or (ii) the Maturity Date of the Qualifying Convertible Notes being March 31, 2021. Upon conversion, each Convertible Note Unit will be comprised of one Convertible Note Unit Share and one-half of one non-transferable Convertible Note Unit Warrant. Each whole Convertible Note Unit Warrant entitles the holder thereof to purchase one additional Convertible Note Unit Warrant Share at an exercise price of \$0.60 for a period of 24 months from the date of issuance. The Company will not receive any additional proceeds upon the automatic conversion of the Qualifying Convertible Notes. No commission or fee was paid by the Company with respect to the issue of the Qualifying Convertible Notes and no commission or fee will be payable by the Company in connection with the issuance of the Convertible Note Units.

Each Convertible Note Unit is convertible at a price equal to (a) the price per new unit of the Company to be qualified under the prospectus (the "IPO Unit Price") if the IPO Unit Price is determined on or before March 31, 2021, or (b) \$0.25 per Unit if the IPO Unit Price is not determined on or before March 31, 2021. The Notes accrue interest at 6% per annum 120 days after issuance. Due to the mandatory conversion the convertible notes were recorded as equity.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**9. RELATED PARTY TRANSACTIONS****Key management personnel**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the six months ended December 31, 2020 the Company entered the following key management transactions:

	<b>December 31, 2020</b>
	\$
Consulting services - David Kerbel, CEO	33,400
Consulting services - Mike Hart, former President	22,500
Consulting services - Gurinder Sandhu, former Director	62,500
Consulting services - Amandeep Gill, former Director	62,500
Shares issued for services - David Kerbel, CEO	20,000
Shares issued for services - Robert Payment, CFO	10,000
Shares issued for services - Warren Spence, Director	20,000
Shares issued for services - Gurinder Sandhu, former Director	40,000
Shares issued for services - Amandeep Gill, former Director	40,000
<b>Total</b>	<b>310,900</b>

Share-based compensation of \$61,220 (December 31 2019 - \$Nil) was related to directors, officers, and former directors and officers.

**10. FINANCIAL INSTRUMENTS****Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, inventory, prepaid expenses and deposits, accounts payable and accrued liabilities, and convertible notes payable approximate their fair values due to their short-term to maturity.

**RRITUAL SUPERFOODS INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

**10. FINANCIAL INSTRUMENTS (Continued)****Financial risk management**

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

*Credit risk*

Credit risk is the risk of potential loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of cash.

*Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant by management.

*Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020 the Company's financial liabilities consist of accounts payable and accrued liabilities. The convertible notes payable are considered equity due to the automatic conversion upon completion of a listing event or at the maturity date. Accounts payable and accrued liabilities have contractual maturities within one year and the convertible notes mature 6 months from issuance. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would not have a significant impact on profit or loss for the period. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.



**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended December 31, 2020

(Unaudited - Expressed in Canadian Dollars)

---

**11. CAPITAL MANAGEMENT**

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the period presented. The Company is not subject to externally imposed capital requirement.

**12. SEGMENTED INFORMATION**

The Company operates in one reportable business segment, the marketing and distribution of dietary supplements containing functional mushrooms. The Company defines its reportable segments based on geographical locations. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

All non-current assets are located in Canada.

**13. SUBSEQUENT EVENTS**

Subsequent to December 31, 2020, the Company completed the following transactions:

- a) The Company issued 550,000 stock options exercisable at a price of \$0.30 for a period of 5 years. One quarter vest three months from grant and one additional quarter vests every three months thereafter.

**SCHEDULE B**

**AUDIT COMMITTEE CHARTER**

(See attached)

As approved by the Board of Directors: November 25, 2020

**RRITUAL SUPERFOODS INC.**  
(the “Corporation”)

**AUDIT COMMITTEE CHARTER**

**1. MANDATE**

The audit committee will assist the board of directors of the Corporation (the “Board”) in fulfilling its financial oversight responsibilities. The committee will review and consider, in consultation with the Corporation’s external auditors, the financial reporting process, the system of internal control over financial reporting and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well as the Corporation’s business, operations and risks.

**2. COMPOSITION**

The Board will appoint, from among their membership, an audit committee after each annual meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

**2.1 Independence**

A majority of the members of the audit committee must be “independent” (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) (“NI 52-110”).

**2.2 Expertise of Committee Members**

A majority of the members of the audit committee must be “financially literate” (as defined in Sec. 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after their appointment to the committee. At least one member of the committee must have accounting or related financial management expertise.

**3. MEETINGS**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation’s Chief Financial Officer and external auditors in separate executive sessions.

**4. ROLES AND RESPONSIBILITIES**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

#### **4.1 External Audit**

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, or performing other audit, review or attestation services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board that the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors;
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and
- (f) review and approve the Corporation's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

#### **4.2 Internal Control**

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### **4.3 Financial Reporting**

The audit committee shall review the financial statements and financial information of the Corporation prior to their release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions;

- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate;

*Annual Financial Statements*

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered;
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public;

*Interim Financial Statements*

- (f) review and approve the interim financial statements prior to their release to the public;
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public; and

*Release of Financial Information*

- (h) where reasonably possible, review and approve all public disclosure containing financial information, including news releases, prior to release to the public. An audit committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

**4.4 Non-Audit Services**

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

- (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
- (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the audit committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

**4.5 Other Responsibilities**

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

**4.6 Reporting Responsibilities**

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

## **5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

## **6. GUIDANCE – ROLES & RESPONSIBILITIES**

The audit committee should consider undertaking the actions described in the following guidance, which is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

### **6.1 Internal Control**

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

### **6.2 Financial Reporting**

#### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them;

#### *Annual Financial Statements*

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;

- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee;

*Interim Financial Statements*

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements;
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Corporation's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;
  - (vi) the Corporation's financial and operating controls are functioning effectively;
  - (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
  - (viii) the interim financial statements contain adequate and appropriate disclosures;

**6.3 Compliance with Laws and Regulations**

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";



- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges; and

**6.4 Other Responsibilities**

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.

**CERTIFICATE OF THE COMPANY**

Dated: February 26, 2021

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by as required by the securities legislation of each of the provinces of Canada (other than Québec).

*“David Kerbel”*

---

David Kerbel  
Chief Executive Officer and Director

*“Robert Payment”*

---

Robert Payment  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

*“Scott Eldridge”*

---

Scott Eldridge  
Director

*“Warren Spence”*

---

Warren Spence  
Director

**CERTIFICATE OF PROMOTER**

Dated: February 26, 2021

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by as required by the securities legislation of each of the provinces of Canada (other than Québec).

*“David Kerbel”*

---

David Kerbel  
Promoter

**CERTIFICATE OF THE UNDERWRITERS**

Dated: February 26, 2021

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by as required by the securities legislation of each of the provinces of Canada (other than Québec).

**CLARUS SECURITIES INC.**

*“Robert Orviss”*

---

Robert Orviss  
Managing Director

**CANACCORD GENUITY CORP.**

*“Graham Saunders”*

---

Graham Saunders  
Vice Chairman, Head of Origination