

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of Ontario, Alberta and British Columbia, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form 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 in those jurisdictions. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any applicable state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States unless an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Rritual Superfoods Inc. at 151 West Hastings Street, Vancouver, British Columbia V6B 1B6, telephone 604-868-1669 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

**NEW ISSUE**

**August 24, 2021**

# Rritual<sup>™</sup> superfoods

**RRITUAL SUPERFOODS INC.**

**\$4,000,000**

**\$0.50 per Unit**

**8,000,000 Units**

This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of 8,000,000 units (the “**Units**”) of Rritual Superfoods Inc. (“**Rritual**”, the “**Company**”, “**we**”, “**us**” and “**our**”) at a price of \$0.50 per Unit (the “**Offering Price**”) for aggregate gross proceeds of \$4,000,000 pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated August 24, 2021 between the Company and Clarus Securities Inc. (the “**Underwriter**”). The Offering Price and certain other terms of the Offering were determined by arm’s length negotiations between the Company and the Underwriter with reference to the prevailing market price of the common shares of the Company (the “**Common Shares**”) on the Canadian Securities Exchange (the “**CSE**”). The Units will be offered by way of this Prospectus in each of the provinces of Ontario, Alberta and British Columbia (collectively, the “**Qualifying Jurisdictions**”). The Units may also be offered by way of a private placement in the United States pursuant to one or more exemptions from registration requirements of the U.S. Securities Act, and in those jurisdictions outside of Canada and the United States which are agreed by the Company and the Underwriter. See “**Plan of Distribution**”.

Each Unit will be comprised of one Common Share (each, a “**Unit Share**”) and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one additional Common Share (a “**Warrant Share**”) at a price of \$0.60 (the “**Exercise Price**”) until March 5, 2024, subject to Acceleration (as defined herein). In the event that the Common Shares trade on the CSE at a price of \$1.20 or greater per Common Share for a period of 10 consecutive trading days following the closing of the Offering (the “**Closing Date**”), the Company may accelerate the expiry of the Warrants by giving notice to the

holders thereof, by disseminating a news release advising of the acceleration of the expiry date of the Warrants (the “**Acceleration**”) and, in such case, the Warrants shall expire on the 31<sup>st</sup> day after the date of such notice. This Prospectus also qualifies the distribution of the Warrant Shares issuable upon exercise of the Warrants. The Warrants will be governed by a warrant indenture (the “**Warrant Indenture**”) dated March 5, 2021, as amended, between the Company and Odyssey Trust Company as warrant agent (the “**Warrant Agent**”). The Unit Shares and the Warrants comprising the Units will separate immediately upon the closing of the Offering. See “*Description of Securities Being Distributed*”.

The Common Shares trade on the CSE under the symbol “**RSF**” and the Warrants trade on the CSE under the symbol “**RSF.WT**”. The closing price of the Common Shares on the CSE on August 17, 2021, the last trading day before announcement of the Offering, was \$0.54 and the closing price of the Warrants on the CSE was \$0.20, on the same day. In addition, the Common Shares are cross-listed on the OTCQB Venture Exchange (“**OTCQB**”) under the trading symbol “**RRSFF**” and the Börse Frankfurt Stock Exchange (the “**FSE**”) under the trading symbol “**ORW**”. On August 17, 2021, the last trading day before announcement of the Offering, the closing price of the Common Shares on the OTCQB was US\$0.4374 and the price of the Common Shares on the FSE was €0.36.

The Unit Shares, the Warrants and the Warrant Shares will be listed for trading on the CSE.

	Price to Public	Underwriter’s Fee <sup>(1)</sup>	Net Proceeds to the Company <sup>(2)</sup>
Per Unit	\$0.50	\$0.03	\$0.47
<b>Total Offering<sup>(3)</sup></b>	<b>\$4,000,000</b>	<b>\$240,000</b>	<b>\$3,760,000</b>

**Notes:**

- (1) Pursuant to the terms of the Underwriting Agreement, the Underwriter will receive a cash commission (the “**Underwriter’s Fee**”) equal to \$0.03 per Unit, or 6% of the gross proceeds of the Offering, including in respect of any gross proceeds raised on the exercise of the Over-Allotment Option (as defined herein). In addition the Underwriter will receive such number of compensation warrants (the “**Compensation Warrants**”) as is equal to 6% of the number of Units issued pursuant to the Offering, including any Units sold on the exercise of the Over-Allotment Option. Each Compensation Warrant shall be exercisable to acquire one Unit (each, a “**Compensation Unit**”) at an exercise price of \$0.50 per Compensation Unit, until March 5, 2024. This Prospectus also qualifies the distribution of the Compensation Warrants. See “*Plan of Distribution*”.
- (2) After deducting the Underwriter’s Fee, but before deducting expenses of the Offering, which are estimated to be approximately \$85,000 and will be paid by the Company from the proceeds of the Offering. See “*Use of Proceeds*”.
- (3) The Company has granted the Underwriter an option (the “**Over-Allotment Option**”), exercisable in whole or in part in the sole discretion of the Underwriter at any time and from time to time up to 30 days from and including the Closing Date, to purchase up to an additional 1,200,000 Units (the “**Additional Units**”) (representing up to 15% of the number of Units sold pursuant to the Offering), at the Offering Price, to cover over-allocations, if any, made by the Underwriter and for market stabilization purposes. A person who acquires securities forming part of the Underwriter’s over-allocation position acquires those securities under this Prospectus regardless of whether the Underwriter’s over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total Price to the Public, the Underwriter’s Fee and the Net Proceeds to the Company (before deducting expenses of the Offering) will be \$4,600,000, \$276,000 and \$4,324,000, respectively. This Prospectus also qualifies the distribution of the Over-Allotment Option and the issuance of the Additional Units pursuant to the exercise of the Over-Allotment Option. See “*Plan of Distribution*” and the table below.

The following table sets out the number of securities that may be issued by the Company to the Underwriter pursuant to the Underwriting Agreement:

Underwriter's Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	1,200,000 Additional Units	Within 30 days after the Closing Date.	\$0.50 per Additional Unit
Compensation Warrants	552,000 Compensation Warrants <sup>(1)(2)</sup>	Until March 5, 2024.	\$0.50 per Compensation Warrant

**Notes:**

(1) Assuming the exercise of the Over-Allotment Option in full.

(2) This Prospectus qualifies the grant of the Compensation Warrants. See "*Plan of Distribution*".

Unless the context otherwise requires, when used herein, all references to the "**Offering**", "**Units**", "**Unit Shares**", "**Warrants**" and "**Warrant Shares**" assume the exercise of the Over-Allotment Option and includes the Additional Units and the additional Unit Shares and Warrants underlying such Additional Units and the additional Warrant Shares underlying such additional Warrants.

The Underwriter, as principal, conditionally offers the Units, subject to prior sale, if, as and when issued by us and accepted by the Underwriter 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 Underwriter by Borden Ladner Gervais LLP. See "*Plan of Distribution*".

Subscriptions for the 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**" or the "**Closing Date**") will occur on or about September 8, 2021. The Units are to be taken up by the Underwriter, if at all, on or before a date not later than 42 days after the receipt for this Prospectus. Other than pursuant to certain exceptions, the Units sold pursuant to the Offering will be issued in electronic form to the Canadian Depository for Securities ("**CDS**") or nominees thereof and deposited with CDS upon closing of the Offering in electronic form. Except for purchasers of Units pursuant to Section 4(a)(2) of the U.S. Securities Act, who shall receive physical, fully registered certificates representing the Unit Shares and Warrants, a purchaser will receive only a customer confirmation of the issuance of the securities purchased pursuant to the Offering from the Underwriter or other registered dealer who is a CDS participant through which the Units are purchased. Subject to the foregoing sentence, no definitive certificates will be issued unless specifically requested or required. See "*Plan of Distribution*".

Subject to applicable laws, the Underwriter may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

**This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Units offered by this Prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.**

**The Company has not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus. An investment in the Units is speculative and involves a high degree of risk that should be considered by potential purchasers. An investment in the Units is suitable only for those purchasers who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. The risk factors included and incorporated by reference into this Prospectus should be reviewed carefully and evaluated by prospective purchasers of the securities offered hereunder. See "*Risk Factors*" and "*Forward-Looking Statements*".**

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Underwriter have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus. Investors should not

assume that the information contained in this Prospectus is accurate as of any date other than the date on the front page of this Prospectus.

Prospective purchasers should be aware that the acquisition or disposition of securities described herein may have tax consequences in Canada and in the United States. This Prospectus may not describe these tax consequences fully. Prospective purchasers should rely on their own tax advisors with respect to their own particular circumstances. See *“Canadian Federal Income Tax Considerations”*.

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

<b>Name</b>	<b>Name and Address of Agent</b>
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.

**UNDERWRITER:**

**CLARUS SECURITIES INC.**

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

Telephone: 416-343-2777

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## 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, the impact 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 statement.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada.** The Company is permitted to "incorporate by reference" such information, which means that the Company can disclose important information to you by incorporating certain documents into this Prospectus. Information that is incorporated by reference is an important part of this Prospectus. Copies of the Company's documents incorporated by reference may be obtained on request without charge from the Chief Financial Officer of Rritual by telephone at 778-400-1242, email at investors@wearerritual.com and are also accessible at [www.sedar.com](http://www.sedar.com).

The following documents of the Corporation, which have been filed with the applicable securities commissions or similar regulatory authorities in Canada, are incorporated by reference into this Prospectus:

- the (final) long-form prospectus of the Company dated February 26, 2020 (the "**IPO Prospectus**");
- the audited financial statements for the period from incorporation on May 6, 2019 to June 30, 2019 and for the financial year ended June 30, 2020, together with the notes thereto and the audit report thereon;
- management's discussion and analysis of the activities and financial position of the Company for the period from incorporation on May 6, 2019 to June 30, 2019 and for the financial year ended June 30, 2020;
- the Company's material change report dated March 10, 2021 with respect to the closing of the Company's initial public offering ("**IPO**") and the commencement of trading of the Common Shares and Warrants on the CSE;
- the unaudited condensed consolidated interim financial statements of the Company for the nine months ended March 31, 2021 and the related management discussion and analysis for the nine months ended March 31, 2021;
- the Company's material change report dated August 19, 2021 with respect to the Offering; and
- the "template version" (as such term is defined National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet of the Company dated August 18, 2021 with respect to the Offering (the "**Marketing Materials**").

Any documents of the types referred to above, any material change reports and business acquisition reports (but excluding confidential material change reports) and any other documents referred to in Form F1 of National Instrument 44-101 – Short Form Prospectus Distributions, Item 11.1 filed by the Company with a securities commission or similar authority in Canada after the date of this Prospectus and prior to the termination of the distribution pursuant to the Offering will be deemed to be incorporated by reference in this Prospectus. The information contained on the Company's website or any other website the address of which is included herein or in any of the documents enumerated above is not part of this Prospectus and is not incorporated by reference in this Prospectus despite any references thereto in any such documents.



The Prospectus in electronic format may be made available electronically on websites or through other online services maintained by the Underwriter or by their affiliates. Other than the Prospectus in electronic format, the information on the Underwriter's websites and any information contained in any other website maintained by the Underwriter or their affiliates is not part of the Prospectus, has not been approved or endorsed by the Company or the Underwriter and should not be relied upon by investors.

**Notwithstanding anything herein to the contrary, any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not, except as so modified or superseded, be deemed to constitute a part of this Prospectus.**

#### **MARKETING MATERIALS**

Any "template version" of "marketing materials" (as such terms are defined in NI 41-101), including the Marketing Materials, are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any "template version" of any "marketing materials" (each as defined in NI 41-101) that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this Prospectus.

#### **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 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 Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the CSE); and
- the Warrants will, on the date of issue, be qualified investments for Plans provided that either (i) the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which includes the CSE), or (ii) the 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, Warrant Shares or 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, Warrant Shares and 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, Warrant Shares and Warrants will not be a "prohibited investment" if the Unit Shares, Warrant Shares and 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, Warrant Shares or Warrants in a TFSA, RRSP, RRIF, RDSP or RESP should consult their own tax advisors in this regard.

## SUMMARY DESCRIPTION OF BUSINESS

### General Overview

Ritual was formed to serve the emerging and rapidly growing market for mushroom varieties that have potential health benefits beyond providing nutrition (“functional mushrooms”) and to promote holistic health and wellness. The Company specializes in the formulation and distribution of plant-based products featuring functional mushrooms and adaptogen ingredients. Our internal product development team creates formulations of mindfully selected functional mushrooms and adaptogenic herbs. Ritual uses contract manufacturing to produce premium plant-based elixir powders in multiple formats with targeted therapeutic benefits. Our products are 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.

### Initial Products

The Company’s initial product line under its brand “Ritual” consists of three functional mushroom adaptogen formulations: chaga, reishi, and lion’s mane. The three mushroom adaptogen formulations are offered in two packaging options: Container Mixes and Elixir Stix. In the United States, the names of our products are Chaga Immune, Reishi Relax and Lion’s Mane Focus. In Canada, as a result of the refusal of our initial applications to Health Canada for Natural Product Numbers (each, an “NPN”), as discussed below, we intend to call our products Chaga Warrior, Reishi Peacekeeper and Lion’s Mane Leader.

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.

### Business Model and Marketing

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.

The Company has completed an online launch of the three initial mushroom adaptogen formulations, including chaga, reishi, and lion’s mane in the United States through its e-commerce store at [rritual.com](http://rritual.com). The Company intends to ramp up marketing efforts to accelerate growth and traffic to the store during the third and fourth quarter of 2021. The Company has also begun its bricks and mortar retail roll out in the United States and has shipped initial purchase orders. The Company can only launch its proposed Canadian e-commerce store and retail roll out once it obtains NPNs from Health Canada for its products and labeling. As discussed below, the Company’s initial application for NPNs was refused, however, the Company intends to re-apply for NPNs in the near future.

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 consultant 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 (vi) the sale of Ritual branded accessories including utensils for the preparation or consumption of Ritual products, clothing, and yoga mats.

### Production

The Company’s contract manufacturer (the “**Manufacturing Partner**”), manufactures nutritional supplements, powders, and premixes in an FDA -registered and Good Manufacturing Practices (“GMP”)-certified 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 is both a certified manufacturer of USDA Organics and as a GMP manufacturer, with GMP certification a requirement for the sale of natural health products in Canada.

The Company's initial commercial scale production run of United States labeled products has been completed and the Company has secured additional raw materials sufficient for additional commercial scale production scheduled for the fourth quarter of 2021. The Company expects the production completed and planned will be sufficient to meet forecasted demand for e-commerce and retail for the remainder of calendar 2021. To accelerate growth the Company intends to allocate further capital towards additional production needs as the Company expects to widen distribution significantly due to its newly entered distribution partnership with CROSSMARK (see use of proceeds).

Production of Canadian products will occur only once the Company is able to obtain NPNs.

### **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.

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 Ritual for production of the Company's proprietary formulations. Given the fluid nature of the COVID-19 pandemic, the Company is currently unable to anticipate what impact of the COVID-19 pandemic will have on its business and operations. Please see "Risk Factors - The Impact of the Covid-19 Pandemic".

The Company has established a relationship with multiple product packaging vendors based in California and has completed commercial scale production sufficient to service its initial e-commerce and retail launch. Product packaging consists of cardboard boxes, paper sachets, plastic tubs, and shrink wrap. The Company manages the purchase of packaging and co-ordinates the shipment of packaging to the Manufacturing Partner.

### **Intellectual Property**

Protection of intellectual property is important to the success of Ritual's business. The Company acquired the proprietary formulations for its initial three product lines from two former directors and its Chief Innovation Officer, Stacey Gillespie, which expressly includes all rights, title and interest to the formulations by payment of \$30,000 by way of issuance of 1,500,000 Common Shares at a deemed price of \$0.02 per Common Share. The proprietary formulations are for the Company's initial product lines, including the formulations for chaga, reishi, and lion's mane mushroom/nutraceutical beverage powders.

The Company owns domains it uses for e-commerce sales in the United States and for planned communication strategies. The Company has no registered patents and has not filed any patent applications in any jurisdiction. The Company has filed trademarks in Canada and the US. However, the Company's U.S. Trademark Application for "MENTAL FITNESS IS A DAILY RRITUAL" (Serial No. 90138515) has been suspended. Please see "Risk Factors – Intellectual Property."

The Company recently received a letter from a natural health products company in the United States (the "Claimant") requesting the Company cease and desist from using the RRitual Trademark and the U.S. Trademark Application for "MENTAL FITNESS IS A DAILY RRITUAL" (Serial No. 90138515) on the basis of claims that it would

cause consumer confusion with respect to products of the Claimant. Management is consulting with legal counsel regarding a response to the Claimant and intends to vigorously defend its intellectual property rights.

Although management believes that the claims are without merit, the claims may be time-consuming and costly to defend and divert management's attention and resources away from the business. These claims of intellectual property infringement also might require Rritual to redesign affected products, enter into costly settlement or license agreements (if such licenses can be obtained on commercially reasonable terms, or at all) or pay costly damage awards, or face a temporary or permanent injunction prohibiting the marketing or selling certain of our products, which could result in the Company's business, operating results and financial condition being materially adversely affected. Please see "Risk Factors – Trademark Dispute."

### **Specialized Skill and Knowledge**

Rritual'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**

Rritual's products are affected by numerous 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.

Distribution and storage of the products as natural dietary supplements in the United States must be in compliance with applicable food and drug laws. Rritual's products cannot be sold in Canada without government approval, natural health product licences and site licences which have not yet been obtained. In particular, our products require NPNs to be sold in Canada. The Company applied for NPNs for each of its initial three Rritual formulations in December 2020 and these applications were rejected on the basis of labelling issues and that the names of our products were unacceptable. We intend to change the name of our products, as discussed above, and re-apply for NPNs. However, there is no guarantee our applications will be successful. See "Risk Factors - Requirement for Licences Which Have Not Been Obtained and Licensing Risks."

## USE OF PROCEEDS

### Offering Proceeds

The net proceeds to the Company from the Offering will be approximately \$3,675,000, after deducting the Underwriter’s Fee of \$240,000, and the estimated expenses of the Offering of \$85,000. If the Over-Allotment Option is exercised in full, the estimated net proceeds of the Offering, after deducting the Underwriter’s Fee and the estimated expenses of the Offering, will be \$4,239,000. The net proceeds from the Offering plus working capital as of July 31, 2021 of \$2,011,197 are expected to be used by the Company for the following purposes: (i) \$2,375,560 general and administrative; (ii) \$3,285,000 development costs; and (iii) \$25,637 unallocated funds, which will be added to the working capital of the Company. The following is an approximate breakdown of the proposed use of proceeds:

Use of Funds	Amount Allocated <sup>(1)(2)</sup>
Estimated general and administrative expenses for 12 months following completion of the Offering	\$2,375,560
Estimated development costs for 12 months following completion of the Offering (see “Business Objectives and Milestones”)	\$3,285,000
Unallocated working capital	\$25,637
<b>Total:</b>	<b>\$5,686,197</b>

**Notes:**

1. Based on anticipated net proceeds of the Offering and estimated expenses of the Offering of \$85,000.
2. If the Over-Allotment Option is exercised in full, the additional net proceeds from the exercise of the Over-Allotment Option are intended to be added to the working capital of the Company.

### Principal Purposes

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 in the manner described 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 \$2,375,560 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	\$180,000	\$15,000
Transfer agent and regulatory filing fees	\$39,500	\$3,292
Office expenses	\$306,000	\$25,500
Management and consulting fees	\$1,308,560	\$109,047
Investor communications and public relations	\$480,000	\$40,000
<b>Total</b>	<b>\$2,375,560</b>	<b>\$197,963</b>

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

## 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 approval for current proprietary mushroom adaptogen mixes and new products chosen to be commercialized from research and development programs.</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 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>3-9 months</p> <p>3-10 months</p> <p>6-10 months</p>	<p>\$60,000</p> <p>\$120,000</p> <p>\$180,000</p>
<p><b>Total:</b></p>		<p>\$360,000</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 awareness of Rritual branded products and product promotions.</li> </ul>	<p>3-12 months</p> <p>3-12 months</p> <p>3-12 months</p>	<p>\$168,000</p> <p>\$126,000</p> <p>\$546,000</p>

<b>Business Objectives</b>	<b>Anticipated Time Period</b>	<b>Anticipated Amount Allocated on Completion of Offering (\$)</b>
<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>		
<b>Total:</b>		\$840,000
Operational Expansion		
<ul style="list-style-type: none"> <li>Trademark registration.</li> </ul>	7-10 months	\$35,000
<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. Build out of Amazon store.</li> </ul>	3-6 months	\$150,000
<ul style="list-style-type: none"> <li>Purchase increasing amounts of inventory of Mushroom adaptogen products, collagen &amp; matcha based new lines, as well as product packaging.</li> </ul>	3-12 months	\$1,900,000 <sup>(1)</sup>
<b>Total for operational expansion:</b>		\$2,085,000
<b>Total for all business objectives:</b>		\$3,285,000

**Notes:**

- Further details on the anticipated inventory purchases that the Company intends to make over the following twelve months are described below.

**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 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”.**

**Principal Purposes – Asset Acquisition**

The Company’s operational expansion plan contemplates spending \$1,900,000 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 “*Summary Description of Business*” section is not an insider, associate, or affiliate of the Company.



Item	Description	Cases	% Allocation	Total Amount (\$)
RR20101	RRITUAL Immune 14 stk x 3gr x 12 (Chaga)	2,827	12%	\$228,000
RR20102	RRITUAL Focus 14 stk x 3gr x 12 (Lion's Mane)	1,707	10%	\$190,000
RR20103	RRITUAL Stress 14 stk x 3gr x 12 (Reishi)	2,028	11%	\$209,000
RR20104	RRITUAL Immune 180 gr x 12 (Chaga)	1,585	12%	\$228,000
RR20105	RRITUAL Focus 180 gr x 12 (Lion's Mane)	999	10%	\$190,000
RR20106	RRITUAL Stress 180 gr x 12 (Reishi)	1,498	12%	\$228,000
RR20108	RRITUAL Reboot 14 stk x 3gr x 12 (Matcha)	1,846	8%	\$152,000
RR20109	RRITUAL Reboot 180 gr x 12 (Matcha)	1,598	7%	\$152,000
RR20110	RRITUAL Remodel 14 stk x 3gr x 12 (Collagen)	1,619	8%	\$152,000
RR20111	RRITUAL Remodel 180 gr x 12 (Collagen)	1,469	7%	\$171,000
<b>Total:</b>				<b>\$1,900,000</b>

## DIVIDEND POLICY

The Company has not declared any cash dividends or distributions for any of its securities and no such dividends or distributions are contemplated for the current financial period. As of the date of this Prospectus, there are no restrictions that prevent the Company from paying dividends on its Common Shares. The Company has neither declared nor paid any dividends on its shares and it is not contemplated that the Company will pay dividends in the immediate or foreseeable future. The Company currently intends to retain future earnings, if any, to finance the expansion of its business and does not anticipate paying dividends in the foreseeable future. Any future decision to pay dividends on the Company's Common Shares will be made by the Board of Directors of the Company (the "Board") on the basis of the earnings, financial requirements and other conditions existing at such time.

## DESCRIPTION OF THE SECURITIES DISTRIBUTED

### Authorized Capital

The authorized capital of the Company consists of an unlimited amount of Common Shares without par value, of which 64,132,347 Common Shares are issued and outstanding as at the date of this Prospectus.

### Common Shares

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 may determine by resolution.

### Warrants

The Warrants will be issued under and governed by the Warrant Indenture dated March 5, 2021, as amended, between the Company and the Warrant Agent. The following summary of certain 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 Warrants which: (i) is filed on System for Electronic Document Analysis and Retrieval ("**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 778-400-1242. A register of holders will be maintained at the Warrant Agent's principal offices in Vancouver, British Columbia.

The Warrant Indenture provides that the number of Common Shares which may be acquired by a holder of 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 Warrant Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional Warrant Shares. The holding of 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 Warrant Shares except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Company covenants in the Warrant Indenture, during the period in which the Warrants are exercisable, to give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the 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 provides that, from time to time, the Warrant Agent and the Company, without the consent of the holders of 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 Warrants are not prejudiced, as a group.

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

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

### **Compensation Warrants**

As partial consideration for their services in connection with the Offering, the Underwriter will receive an aggregate of 480,000 Compensation Warrants, or 552,000 Compensation Warrants if the Over-Allotment Option is exercised in full on closing of the Offering. Each Compensation Warrant will be exercisable to acquire one Unit at an exercise price of \$0.50 per Compensation Unit until March 5, 2024. The terms of the Compensation Warrants will be set out in the definitive certificates representing the Compensation Warrants and will include, among other things, customary provisions for the appropriate adjustment of the number of Compensation Units issuable pursuant to any exercise of the Compensation Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any capital reorganization of the Company, or any arrangement, merger, consolidation or amalgamation of the Company with or into another corporation or entity, as well as customary amendment provisions.

### **CONSOLIDATED CAPITALIZATION**

The following table summarizes changes in the Company’s capitalization as at March 31, 2021, as of the date of this Prospectus, and following completion of the Offering, but without giving effect to the Over-Allotment Option:

	As at March 31, 2021	As at the Prospectus	After giving effect to the Offering
Common Shares	59,963,083	64,132,347	72,132,347
<b>Other Securities exercisable or convertible in Common Shares</b>			
Options	8,337,500	5,415,000	5,415,000
Warrants	16,504,033	17,694,769	21,694,769
Restricted Share Units	900,000	290,000	290,000
Performance Share Units	Nil	Nil	Nil
Deferred Share Units	Nil	Nil	Nil
<b>Total Common Shares on a fully-diluted basis</b>	<b>85,704,616</b>	<b>87,532,116</b>	<b>99,532,116</b>

## PLAN OF DISTRIBUTION

### General

Pursuant to the terms and conditions contained in the Underwriting Agreement, the Company has agreed to sell and the Underwriter agreed to purchase on the Closing Date or on such other date as may be agreed by the parties, subject to compliance with the terms and conditions of the Underwriting Agreement, as principal, on a “bought deal” basis, a total of 8,000,000 Units for aggregate gross proceeds of \$4,000,000, payable in cash to the Company against delivery by the Company of the Unit Shares and Warrants comprising the Units.

Each Unit is comprised of one Unit Share and one-half of one Warrant. Each full Warrant will entitle the holder thereof to acquire one Warrant Share at the Exercise Price until the Expiry Date, subject to Acceleration. The Warrants will be governed by the Warrant Indenture. Pursuant to the Warrant Indenture, in the event that the Common Shares trade on the CSE at a price of \$1.20 or greater per Common Share for a period of 10 consecutive trading days following the closing of the Closing Date, the Company may disseminate a news release advising of the Acceleration of the Warrants. The Warrants will be subject to adjustment in accordance with the Warrant Indenture.

This Prospectus qualifies the distribution of the Units, Unit Shares, the Warrants, the Warrant Shares, the Over-Allotment Option, the Additional Units as well as the Unit Shares and Warrants that comprise the Additional Units, including the Warrant Shares issuable on exercise of the Warrants.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part. It is expected that the Closing of the Offering and delivery of the Units will occur on or about September 8, 2021. The Units are to be taken up by the Underwriter, if at all, on or before a date not later than 42 days after the receipt for the Prospectus.

The Underwriting Agreement provides that the obligations of the Underwriter are subject to various conditions, including approval of legal matters by counsel. The obligations of the Underwriter under the Underwriting Agreement may be terminated at their discretion on upon the occurrence of certain stated events and the Underwriting Agreement includes certain standard provisions for termination relating to “material change”, “disaster out”, “regulatory out” and “breach”. The Underwriting Agreement provides that the Underwriter is obligated to purchase all the Units in the Offering if any are purchased, other than those Units covered by the Over-Allotment Option described below.

The Offering is being made in each of the provinces of Ontario, Alberta and British Columbia through those Underwriter or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriter. The Units may also be offered by way of a private placement in the United States pursuant to one or more exemptions from registration requirements of the U.S.

Securities Act. Subject to applicable law, the Underwriter may offer the Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriter.

The Offering Price was determined by negotiations between us and the Underwriter. Among the factors considered in determining the Offering Price were the price of our Common Shares on the CSE, 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 Underwriter an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriter, for a period of 30 days from the Closing Date of the Offering, to purchase up to 15% of the Units, being an additional 1,200,000 Additional Units, at the Offering Price to cover the Underwriter's 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 Additional Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Additional Units forming part of the Underwriter's over-allocation position acquires those Additional 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 additional Warrant Shares issuable on exercise of the Warrants included in the Additional Units.

In consideration for the services provided by the Underwriter in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriter a fee equal to 6% 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 Underwriter such number of Compensation Warrants which is equal to 6% of the aggregate number of Units sold under this Offering, including the Over-Allotment Option, with each Compensation Warrant being exercisable to purchase one Unit at the Offering Price until March 5, 2024. The Compensation Warrants and the securities issuable thereunder are qualified by this Prospectus.

The estimated offering expenses payable by us, exclusive of the Underwriting Commission, are approximately \$85,000. The Company will pay all of its expenses and fees in connection with the Offering, including, without limitation (i) all expenses of or incidental to the creation, issue, sale or distribution of the Units and the filing of the Preliminary Prospectus and the Final Prospectus, (ii) the fees and expenses of the Company's legal counsel, and (iii) all costs incurred in connection with the preparation of documentation relating to the Offering.

Whether or not the Offering is completed, we have agreed pursuant to the Underwriting Agreement to reimburse the Underwriter for all reasonable out-of-pocket expenses incurred by the Underwriter in connection with the Offering, including, but not limited to, travel and communication expenses, database service expenses, courier charges, the reasonable fees and disbursements of counsel and any other advisors retained by the Underwriter with the prior consent of the Company, such consent not to be unreasonably withheld or delayed. Such reimbursable expenses shall be payable on receipt by the Company of invoices from the Underwriter.

Pursuant to the Underwriting Agreement, the Company and each of its officers, directors and principal shareholders, and each of their associates and affiliates, has agreed it will not, and in the case of any person other than the Company will execute an undertaking in favour of the Underwriter, pursuant to which each 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 Underwriter on behalf of the Underwriter, such consent not to be unreasonably withheld or delayed, other than (i) pursuant to the Offering; (ii) the issuance of non-convertible debt securities; (iii) upon the exercise of convertible securities, options or warrants of the Company outstanding as of the date of the Underwriting Agreement; (iv) pursuant to the grant or exercise of stock options or other awards pursuant to the Company's long term equity incentive plan or any other share compensation arrangement of the Company; (v) pursuant to any acquisition of shares or assets of arm's length persons; or (vi) in connection with any strategic transactions, investments or supply agreements between the Company and a third party, including any stock options that may be issued to any arm's length persons in connection with such strategic transactions, investments or supply agreements.

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

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

In connection with the Offering, the Underwriter may over-allocate or effect transactions that stabilize or maintain the market price of the Common Shares or 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 Warrants while the Offering is in progress. These transactions may also include making short sales of the Common Shares or Warrants, which involve the sale by the Underwriter of a greater number of Common Shares or Warrants than they are required to purchase in the Offering.

Pursuant to policy statements of the relevant securities commissions, the Underwriter may not, throughout the period of distribution under this Prospectus, bid for Common Shares or 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 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 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**

Other than in the Qualifying Jurisdictions, no action has been taken by the Company or the Underwriter that would permit a public offering of the Units offered by this Prospectus in any jurisdiction where action for that purpose is required. The Units offered by this Prospectus may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisements in connection with the offer and sale of any Units be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this Prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this Prospectus.

The Units, Unit Shares, Warrants and Warrant Shares 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. The Underwriter has agreed that it will not offer or sell 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 Underwriter may re-offer and re-sell the 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 Underwriter may offer and sell the Units outside the United States in accordance with Regulation S under the U.S. Securities Act.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Units offered by this Prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares or Warrants within the United States or to, or for the account or benefit of, U.S. Persons by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on an exemption from the registration requirements of the U.S. Securities Act.

#### TRADING PRICE AND VOLUME

The Common Shares are listed on the CSE under the symbol “RSF”. The following table shows the monthly ranges of high and low prices per Common Share as well as total monthly volumes traded on the CSE since March 8, 2021, the first date on which the Common Shares commenced trading on the CSE, and prior to the date of this Prospectus.

Price Range (\$)			
Period	High	Low	Volume
August 1 - 23, 2021	\$0.65	\$0.48	4,654,100
July, 2021	\$0.73	\$0.56	4,686,640
June, 2021	\$0.88	\$0.57	7,458,635
May, 2021	\$0.90	\$0.51	3,658,829
April, 2021	\$1.17	\$0.82	7,336,777
March, 2021	\$0.99	\$0.36	16,789,945

The Warrants are listed on the CSE under the symbol “RSF.WT”. The following table shows the monthly ranges of high and low prices per Warrant as well as total monthly volumes traded on the CSE since March 8, 2021, the first date on which the Warrants commenced trading on the CSE, and prior to the date of this Prospectus.

Price Range (\$)			
Period	High	Low	Volume
August 1 - 23, 2021	\$0.25	\$0.16	54,500
July, 2021	\$0.29	\$0.20	176,700
June, 2021	\$0.34	\$0.23	258,216
May, 2021	\$0.35	\$0.21	674,906
April, 2021	\$0.53	\$0.30	2,441,746
March, 2021	\$0.63	\$0.095	2,989,738

On August , 2021, the last full trading day before the announcement of the Offering, the closing price per Common Share on the CSE was \$0.54 and the closing price per Warrant on the CSE was \$0.20.

## PRIOR SALES

In the past 12 months, the Company has completed the following distributions of its securities:

Date of Issue	Price/Exercise price per Security	Type of Securities	Number of Securities	Nature of Issuance and Notes
August 28, 2020	\$0.10	Common Shares and Warrants	Common Shares: 550,000 Warrants: 275,000	Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant <sup>(4)</sup>
September 2, 2020	\$0.10	Common Shares and Warrants	Common Shares: 1,000,000 Warrants: 500,000	Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant <sup>(5)</sup>
September 8, 2020	\$0.10	Common Shares	1,380,000	Common Shares issued as consideration for services provided
September 18, 2020	\$0.10	Common Shares and Warrants	Common Shares: 100,000 Warrants: 50,000	Private placement of Units comprised of one Common Share and one-half Common share purchase Warrant <sup>(6)</sup>
September 30, 2020, as amended November 25, 2020	\$0.30	Convertible Notes	29	See Note 7 below.
October 8, 2020	\$0.30	Stock Options	2,225,000	Stock Options issued to management, employees, and consultants. The Stock Options expire in five years and vest 1/4 three months from the grant date and 1/4 every three months thereafter.
October 23, 2020	\$0.10	Common Shares	62,500	Common Shares issued upon exercise of Stock Options
November 26, 2020	\$0.10	Common Shares	125,000	Common Shares issued upon exercise of Stock Options
December 24, 2020	\$0.10	Common Shares	62,500	Common Shares issued upon exercise of Stock Options
December 24, 2020	\$0.10	Common Shares	125,000	Common Shares issued upon exercise of Stock Options
March 5, 2021	\$0.30	Common Shares and Warrants	Common Shares: 20,000,000 Warrants: 10,000,000	Common Shares and Warrants issued pursuant to the Company's IPO. <sup>(8)(9)</sup>
March 5, 2021	\$0.30	Warrants	1,400,000	Warrants to purchase Units issued as compensation in connection with IPO <sup>(10)</sup>
March 5, 2021	\$0.60	Warrants	1,000,000	Corporate Finance Securities issued in the form of Warrants in connection with the IPO <sup>(11)</sup>

Date of Issue	Price/Exercise price per Security	Type of Securities	Number of Securities	Nature of Issuance and Notes
March 5, 2021	\$0.30	Common Shares and Warrants	Common Shares: 3,183,083 Warrants: 1,591,528	Conversion of Convertible Note Units into Common Shares and Warrants qualified by IPO Prospectus <sup>(12)</sup>
March 8, 2021	\$0.54	Stock Options	1,075,000	Stock Options issued to various management, employees, and consultants. The Stock Options expire in five years and vest 1/4 four months from the grant date and 1/4 every three months thereafter.
April 5, 2021	-	Restricted Share Units	1,140,000	Restricted share units issued to directors, officers and consultants <sup>(13)</sup>
April 5, 2021	-	Common Shares	1,750,000	Common shares issued upon conversion of Restricted Share Units
April 13, 2021	\$0.30	Common Shares	150,000	Common Shares issued upon exercise of Stock Options
April 20, 2021	\$0.60	Common Shares	41,864	Common Shares issued upon exercise of Warrants
April 23, 2021	\$0.10	Common Shares	62,500	Common Shares issued upon exercise of Stock Options
April 23, 2021	\$0.60	Common Shares	42,400	Common Shares issued upon exercise of Warrants
April 26, 2021	\$0.60	Common Shares	50,000	Common Shares issued upon exercise of Warrants
May 17, 2021	\$0.30	Common Shares	37,500	Common Shares issued upon exercise of Stock Options
June 2, 2021	\$0.30	Common Shares	25,000	Common Shares issued upon exercise of Stock Options
June 16, 2021	\$0.30	Common Shares	55,000	Common Shares issued upon exercise of Stock Options
June 23, 2021	\$0.30	Common Shares	20,000	Common Shares issued upon exercise of Stock Options
June 25, 2021	\$0.30	Common Shares	30,000	Common Shares issued upon exercise of Stock Options
July 16, 2021	\$0.30	Common Shares	1,200,000	Common Shares issued upon exercise of Stock Options
July 19, 2021	\$0.30	Common Shares	25,000	Common Shares issued upon exercise of Stock Options
July 30, 2021	\$0.45	Common Shares	75,000	Common Shares issued upon exercise of Warrants
August 4, 2021	\$0.30	Common Shares	542,500	Common Shares issued upon exercise of Stock Options
August 11, 2021	\$0.30	Common Shares	62,500	Common Shares issued upon exercise of Stock Options



- (1) Each Restricted Share Unit represents the right to receive one share of the Issuer. 180,000 Restricted Share Units vested on January 1, 2021. The remaining 720,000 Restricted Share Units vested on and April 1, 2021.
- (2) A total of 1,650,000 of these Stock Options were amended to be exercisable at \$0.30. A total of 387,500 of these Stock Options were cancelled on November 24, 2020.
- (3) Each Warrant is exercisable at a price of \$0.45 per Common Share until August 18, 2022.
- (4) Each Warrant is exercisable at a price of \$0.45 per Common Share until August 28, 2022.
- (5) Each Warrant is exercisable at a price of \$0.45 per Common Share until September 2, 2022.
- (6) Each Warrant is exercisable at a price of \$0.45 per Common Share until September 18, 2022.
- (7) The Company entered in private placement subscription agreements and issued unsecured Convertible Notes in the principal amount of \$950,402 with a maturity date of six months from the closing of the subscription agreements. The Convertible Notes carried interest at a rate of 6% per annum. The Convertible Notes were converted into units of the Company (the “**Convertible Note Units**”), at a deemed price of \$0.30 per Convertible Note Unit on the Company receiving a receipt for its final IPO Prospectus. Each Convertible Note Unit was comprised of one Common Share (each, a “**Convertible Note Unit Share**”) and one-half Warrant (each, a “**Convertible Note Unit Warrant**”) entitling the holder to acquire one Common Share at a price of \$0.60 per Warrant for a period of two years from the date of the Convertible Note (each, a “**Convertible Note Unit Warrant Share**”). The Convertible Note Units, Convertible Note Unit Shares and the Convertible Note Unit Warrant Shares were qualified under the IPO Prospectus.
- (8) Common Shares and Warrants issued upon closing of the Company’s IPO. The number of Common Shares and Warrants includes the full exercise of the over-allotment option by the Underwriter of the IPO.
- (9) Each Warrant is exercisable at a price of \$0.60 per Common Share until March 5, 2024.
- (10) Each Warrant is exercisable at a price of \$0.30 per Unit until March 5, 2024.
- (11) Each Warrant is exercisable at a price of \$0.60 per Common Share until March 5, 2024.
- (12) See note 7 above. The Convertible Note Units converted on the Company obtaining a receipt for its IPO Prospectus.
- (13) All of the RSUs granted to consultants of the Company vested immediately upon grant and all of the RSUs granted to directors and officers of the Company vest on January 1, 2022.

#### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Tax Act**”) generally applicable to a beneficial owner who acquires Units (and thereby Common Shares and Warrants) pursuant to the Offering and who, for the purposes of the application of the Tax Act and at all relevant times (i) deals at arm’s length with the Corporation and the Underwriter and is not affiliated with the Corporation or the Underwriter; and (ii) acquires and holds the Common Shares and Warrants as capital property. Persons meeting such requirements are referred to as a “**Holder**” or “**Holders**” herein, and this summary only addresses such Holders. Common Shares and Warrants will generally be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the mark-to-market rules; (ii) an interest in which would be a “tax shelter investment”, as defined in the Tax Act; (iii) that is a “specified financial institution”, as defined in the Tax Act; (iv) that makes or has made an election under the Tax Act to determine its Canadian tax results (as defined in the Tax Act) in a foreign currency; (v) that has entered or will enter into, with respect to their Common Shares, a “derivative forward agreement” or “synthetic disposition arrangement”, as defined in the Tax Act; (vi) that does not deal at arm’s length with the Corporation; or (vii) a Holder that is a corporation and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Unit Shares and Warrant Shares, controlled by a (A) non-resident corporation, (B) non-resident individual, (C) non-resident trust, or (D) group of any of the foregoing who do no deal at arm’s length with each other, for the purposes of section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to their own particular circumstances.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), and the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) as made publicly available by the CRA prior to the date hereof. No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada, which may differ significantly from the Canadian federal income tax considerations discussed herein.

**This summary is not exhaustive of all possible Canadian federal income tax considerations, is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of a Common Share or Warrant.**

#### **Allocation of Cost**

Holders will be required to allocate on a reasonable basis their cost of each Unit between the Unit Share and the one-half of one Warrant in order to determine their respective costs for purposes of the Tax Act. For its purposes, the Company intends to allocate \$0.49 to each Unit Share and \$0.01 to each one-half of one Warrant. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or a Holder. Counsel expresses no opinion with respect to such allocation.

The adjusted cost base to a Holder of each Unit Share comprising a part of a Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

#### **Exercise of Warrants**

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder’s cost of the Warrant Share acquired thereby will be the aggregate of the Holder’s adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder’s adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base (determined immediately before the acquisition of the Warrant Share) to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

#### **Residents of Canada**

The following portion of the summary is only generally applicable to a Holder that, at all relevant times for purposes of the Tax Act, and any applicable tax treaty or convention, is or is deemed to be a resident of Canada (a “**Resident Holder**”). Resident Holders whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares, and every other “Canadian security” (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years, be deemed to be capital property; the definition of Canadian security does not include a warrant, and as such this election would not be available in respect of the Warrants. **Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their particular circumstances.**

### *Expiry of Warrants*

In the event of the expiry of an unexercised Warrant, the Resident Holder will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and losses is discussed in greater detail below under the subheading "*Treatment of Capital Gains and Losses*".

### *Receipt of Dividends on Common Shares*

Dividends received or deemed to be received on Common Shares by a Resident Holder that is an individual (other than certain trusts) will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from a taxable Canadian corporation. Taxable dividends received or deemed to be received by such individual which are designated by Company as "eligible dividends" in accordance with the Tax Act will be subject to enhanced gross-up and dividend tax credit rules under the Tax Act. Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Dividends received or deemed to be received on Common Shares by a Resident Holder that is a corporation will be included in computing its income and generally will be deductible in computing its taxable income for that taxation year. In certain circumstances, taxable dividend received by a Resident Holder that is a corporation may be treated as proceeds of disposition or a capital gain pursuant to the rules in subsection 55(2) of the Tax Act. **Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.**

A Resident Holder that is a "private corporation" or a "subject corporation" for purposes of the Tax Act will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received to the extent such dividends are deductible in computing such Resident Holder's taxable income. This refundable tax generally will be refunded to a Resident Holder that is a corporation when sufficient taxable dividends are paid to its shareholders while it is a private corporation or subject corporation.

### *Disposition of a Common Share or a Warrant*

On a disposition or a deemed disposition of a Common Share (other than to the Company, unless purchased by the Company on the open market in the manner in which shares are normally purchased by any member of the public in the open market) or Warrant, a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share or Warrant exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. The adjusted cost base to a Holder of Common Shares and Warrants is described under the headings "*Allocation of Cost*" and "*Exercise of Warrants*". The tax treatment of any such capital gain (or capital loss) is described under the heading "*Treatment of Capital Gains and Capital Losses*".

### *Treatment of Capital Gains and Capital Losses*

Generally, one-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in computing the Resident Holder's income in that year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year generally must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on the Common Share (or on a share for which such Common Share has been substituted) to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a

partnership or a beneficiary of a trust that owns Common Share, directly, or indirectly through a partnership or a trust. Resident Holders to which these rules may be relevant should consult their own tax advisors.

A Resident Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act, and which includes taxable capital gains). Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. **Resident Holders should consult and rely on their own tax advisors with respect to the application of these additional taxes based on their own particular circumstances.**

### **Non-Residents of Canada**

The following portion of the summary is only generally applicable to a Holder that, at all relevant times for purposes of the Tax Act, is (i) neither a resident nor deemed to be a resident of Canada (including as a consequence of an applicable income tax treaty or convention) and (ii) does not use or hold, and is not deemed to use or hold Common Shares or Warrants in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules which are not discussed in this summary may apply to a non-resident insurer carrying on business in Canada and elsewhere or to an “authorized foreign bank” (as defined in the Tax Act). **Such Holders should consult their own tax advisors.**

#### *Receipt of Dividends on Common Shares*

Dividends on Common Shares paid or credited, or deemed to be paid or credited, to a Non-Resident Holder will be subject to a non-resident withholding tax under the Tax Act at a rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Income Tax Convention (1980)*, as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15% of the amount of such dividend.

#### *Disposition of a Common Share or a Warrant*

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Common Shares or Warrants unless the Common Shares or Warrants disposed of constitute “taxable Canadian property” of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, neither a Common Share nor a Warrant will be “taxable Canadian property” (within the meaning of the Tax Act) of a Non-Resident Holder at a particular time provided the Common Share is listed on a “designated stock exchange” (which currently includes the CSE) unless, at any time during the 60-month period preceding the particular time, (a) the Common Share derived more than 50% of its fair market value directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties (as such terms are defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property described in (i) to (iii), whether or not the property exists; and (b) 25% or more of the issued shares of any class or series of Company’s shares were owned by one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at “arm’s length” (within the meaning of the Tax Act), and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships.

Notwithstanding the foregoing, a Common Share or Warrant may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain circumstances. A Non-Resident Holder’s capital gain (or capital loss) in respect of a disposition of Common Shares or Warrants that constitute or are deemed to constitute taxable Canadian property to a Non-Resident Holder (and are not “treaty-protected property” as defined in the Tax Act) will generally be computed in the manner described above under the subheading “Residents of Canada — Disposition of a Common Share or a Warrant”.

Non-Resident Holders for which a Common Share or Warrant may constitute “taxable Canadian property” should consult their own tax advisors for advice having regard to their particular circumstances.

**NON-RESIDENT HOLDERS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF UNITS, UNITS SHARES, WARRANTS AND WARRANT SHARES INCLUDING CANADIAN, DOMESTIC, TREATY AND OTHER TAX CONSEQUENCES OF SUCH ACQUISITION, OWNERSHIP AND DISPOSITION AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.**

## **RISK FACTORS**

An investment in the 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 Licenses 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. Our initial applications for NPNs were refused on the basis that the names of our products did not comply with Health Canada requirements. We intend to change the name of our products and re-apply for NPNs. None of the Company’s 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 incorporates by reference the IPO Prospectus, which includes the audited financial statements for the period from incorporation on May 6, 2019 to June 30, 2019 and for the financial year ended June 30, 2020 and the interim financial statements for the six months ended December 31, 2020, and the related management discussion and analysis for each period, as applicable, and also incorporates by reference the unaudited financial statements for the nine months ended March 31, 2021 and related management discussion and analysis for that period, 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 reliable 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 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 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 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 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.

### *Damage to the Company's reputation may 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.

### *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.

### *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. The Company's U.S. Trademark Application for "MENTAL FITNESS IS A DAILY RRITUAL" (Serial No. 90138515) has been suspended. At this time, we cannot state whether the other 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. Please see below under the risk factor "Intellectual Property Dispute" for information on a current challenge.

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.

### *Trademark Dispute*

The Company recently received a letter from a natural health products company in the United States (the "**Claimant**") requesting the Company cease and desist from using the RRitual Trademark and the U.S. Trademark Application for "MENTAL FITNESS IS A DAILY RRITUAL" (Serial No. 90138515) on the basis of claims that it would cause consumer confusion with respect to products of the Claimant. Management is consulting with legal counsel regarding a response to the Claimant and intends to vigorously defend its intellectual property rights.

Although management believes that the trademark claims are without merit, the claims may be time-consuming and costly to defend and divert management's attention and resources away from the business. These claims of intellectual property infringement also might require RRitual to redesign affected products, enter into costly

settlement or license agreements (if such licenses can be obtained on commercially reasonable terms, or at all) or pay costly damage awards, or face a temporary or permanent injunction prohibiting the marketing or selling certain of our products, which could result in the Company's business, operating results and financial condition being materially adversely affected.

#### *Litigation Claim*

On July 26, 2021, Force One Marketing Corporation and Force One Capital (together, "**Force One**"), filed a Statement of Claim against the Company in Ontario with respect to an alleged breach of a stock option agreement granting Force One 1,000,000 stock options exercisable at \$0.02. Force One alleges that it was a former consultant of the Company, and says the stock options were granted to it for capital raising and corporate advisory services. Force One is seeking an order for delivery of 1,000,000 Common Shares of the Company and general damages against the Company in the amount of \$2,500,000. As of the date of this Prospectus, the Company views the Force One's claim as largely devoid of merit and the Company will vigorously defend it. As of the date of the Prospectus, the Company has not yet filed a Statement of Defence and no court dates have been set.

Although management believes that the claim by Force One is without merit, defending the claim may be costly. If Force One's action is successful against the Company, it could result in the Company's business, operating results and financial condition being materially adversely affected.

#### *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 Ritual'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 Warrants**

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

The Common Shares and Warrants have only recently been listed on CSE and have very limited trading history. 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 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 Warrants may affect an investor's ability to trade significant numbers of Common Shares or Warrants; the size of our public float may limit the ability of some institutions to invest in Common Shares or Warrants; and a substantial decline in the price of the Common Shares or Warrants that persists for a significant period of time could cause the Common Shares or 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 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 market price of the Common Shares and 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 Warrants, the release or expiration of lock-up or other transfer restrictions on the Common Shares and Warrants, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares and Warrants is expected to make the Common Share and Warrant prices volatile in the future, which may result in losses to investors.

### *Lack of Active Market*

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

### *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 and 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 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 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 0.62% of the issued and outstanding Common Shares before giving effect to the Offering and the grant of 450,000 stock options and 50,000 restricted share units.

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

On July 26, 2021, Force One Marketing Corporation and Force One Capital (together, "**Force One**"), filed a Statement of Claim against the Company in Ontario with respect to an alleged breach of a stock option agreement granting Force One 1,000,000 stock options exercisable at \$0.02. Force One alleges that it was a former consultant of the Company, and says the stock options were granted to it for capital raising and corporate advisory services. Force One is seeking an order for delivery of 1,000,000 Common Shares of the Company and general damages against the Company in the amount of \$2,500,000. As of the date of this Prospectus, the Company views the Force One's claim as largely devoid of merit and the Company will vigorously defend it. As of the date of the Prospectus, the Company has not yet filed a Statement of Defence and no court dates have been set. Although management believes that the claim by Force One is without merit, defending the claim may be costly. If Force One's action is successful against the Company, it could result in the Company's business, operating results and financial condition being materially adversely affected. See "Risk Factors".

Other than the foregoing, 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 UNDERWRITER**

None.

#### **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.

#### **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.

#### **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 may 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, the 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 Units are partially comprised of Warrants. In an offering of Warrants, 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 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 of action or consult with a legal adviser.

## CERTIFICATE OF THE COMPANY

Dated: August 24, 2021

This short form prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by as required by the securities legislation of each of the provinces of Ontario, Alberta and British Columbia.

*"David Kerbal"*

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: August 24, 2021

This short form prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by as required by the securities legislation of each of the provinces of Ontario, Alberta and British Columbia.

*"David Kerbal"*

David Kerbel  
Promoter

**CERTIFICATE OF THE UNDERWRITER**

Dated: August 24, 2021

To the best of our knowledge, information and belief, this short form prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by as required by the securities legislation of each of the provinces of Ontario, Alberta and British Columbia.

**CLARUS SECURITIES INC.**

*“Robert Orviss”*

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Robert Orviss  
Managing Director