Yerbaé®

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

DATED SEPTEMBER 25, 2023

TABLE OF CONTENTS

SCHEDULES

ADVISORIES

*In this Annual Information Form ("**AIF**"), unless otherwise specified or if the context otherwise requires, references to "we", "us", "our", "its", the "Company" or "Yerbaé" mean Yerbaé Brands Corp. The information in this AIF is stated as at December 31, 2022 unless otherwise indicated. For additional information and details, readers are referred to the audited consolidated financial statements for the year ended December 31, 2022 and notes that follow, as well as the accompanying annual Management's Discussion and Analysis ("**MD&A**"), which are available on the Canadian Securities Administrator's SEDAR+ (as defined herein) system at www.sedarplus.ca.*

Cautionary Statement Regarding Forward-Looking Information and Statements

This AIF contains forward-looking information and statements (collectively, "**forward-looking statements**"). These forward-looking statements relate to Yerbaé's current expectations, estimates and projections as to future events or Yerbaé's future performance and are provided to allow readers a better understanding of Yerbaé's business and prospects and may not be suitable for other purposes. All statements, other than statements of historical fact, may be considered forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in, or suggested by, such forward-looking statements. Yerbaé believes the expectations reflected in the forward-looking statements included in this AIF are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this AIF and are expressly qualified, in their entirety, by this cautionary statement. Yerbaé assumes no obligation to revise or update these statements except as required pursuant to applicable securities laws.

In particular, this AIF contains forward-looking statements pertaining to the following:

- the Company's expectations regarding industry trends, overall market growth rates and Yerbaé's growth rates and growth strategies;
- the Company's ability to obtain funding for its operations;
- the use of available funds;
- the performance of the Company's business and operations;
- the Company's expectations regarding revenues, expenses, and anticipated cash needs;
- the intention to grow the Company's business and operations;
- the expected timing and completion of the Company's near term objectives;
- laws and regulations and any amendments thereto applicable to the Company;
- the Company's competitive advantages and business strategies;
- the Company's future product offerings;
- the Company's plans with respect to the payment of dividends; and
- the market price for the Common Shares (as defined herein) in the capital of the Company.

With respect to forward-looking statements contained in this AIF, the Company has made assumptions regarding, among other things:

- the Company's ability to build its market share;
- the performance of the Company's business and operations;
- the Company's ability to retain key personnel;
- the Company's ability to maintain and expand geographic scope;
- the Company's ability to execute on it expansion plans;
- criticism of energy drink products and/or the energy drink market;

- economic downturn and continued uncertainty in the financial markets and other adverse changes in general economic or political conditions, as well as other major macroeconomic phenomena;
- net revenues derived entirely from energy drinks; increased competition; relationships with co-packers and distributors and/or their ability to manufacture and/or distribute the Company's products;
- the Company's relationships with existing customers;
- changing retail landscape; increases in costs and/or shortages of raw materials and/or ingredients and/or fuel and/or costs of co-packing; failure to accurately estimate demand for its products;
- the Company's history of negative cash flow and no assurance of continued profitability or positive EBITDA (as defined herein);
- intellectual property rights;
- the Company's maintenance of brand image or product quality;
- the Company's retention of the full-time services of senior management;
- the Company's ability to continue investing in its products to support the Company's growth;
- the Company's ability to obtain and maintain existing financing on acceptable terms;
- currency exchange and interest rates;
- the impact of competition; the changes and trends in the Company's industry or the global economy;
- the size of the target markets for the Company's products;
- the Company's ability to maintain, expand and protect its intellectual property; and
- the changes in laws, rules, regulations, and global standards.

The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and under the heading "*Risk Factors*" elsewhere in this AIF:

- changes in the caffeinated energy beverage business environment and retail landscape;
- the increasing competition of the commercial beverage market;
- changes in consumer product and shopping preferences;
- competitive pressure in the functional energy drink market;
- brand name recognition and acceptance of its products;
- the unpredictable nature of expansion of the naturally caffeinated, plant-based energy beverage market or sufficiency of consumer demand in that market for operations to be profitable;
- the inability to guarantee or prove any health benefits associated with caffeinated energy beverages or the perception as such by consumers;
- water scarcity and poor water quality and their impact production costs and capacity;
- climate change and natural disasters;
- increases in the cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials necessary to Yerbaé's business;
- the inability of Yerbaé to fully and successfully develop the business is unknown;
- Yerbaé's ability to achieve and maintain profitability and positive cash flow, generate revenues, manage development costs and expenses, and compete successfully with direct and indirect competitors;
- Yerbaé ability to secure the additional funds necessary to produce, market, and distribute its products;
- Yerbaé's negative operating cash flow;
- the Company's dependence on personnel;
- the strain of being a public company on Yerbaé's resources, management's attention and its ability to attract and retain executive management and qualified board members;
- potential litigation and product recall;
- general operating risks and insurance coverage;
- Yerbaé's ability to manage growth;
- Yerbaé's size and its affect on product development, marketing, and sales activities;
- potential conflicts of interest among Yerbaé and its directors and officers;
- the performance of third-parties and Yerbaé's relationship with them and their impact on the Company's growth and profitability; and

- other factors considered under "*Risk Factors*" in this AIF and other filings made by the Company with Canadian securities authorities.

The Company has included the above summary of assumptions and risks related to forward-looking statements contained in this AIF in order to provide investors with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes.

Additional information on these and other factors is available in the reports filed by the Company with Canadian securities regulators and available on SEDAR+. The forward-looking statements and information contained in this AIF are made as of the date hereof.

Readers are cautioned that the preparation of financial statements in accordance with generally accepted accounting principles in Canada requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available and as the economic environment changes. The information contained in this AIF, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Company. Readers are encouraged to carefully consider such factors. Readers are also cautioned against placing undue reliance on forward-looking statements, which are given as of the date expressed in this AIF, or the MD&A disclosure incorporated by reference herein, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company undertakes no obligation to publicly update or revise any forward-looking statements in this AIF or the MD&A or other disclosure incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required by law.

Monetary References

Except as otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars and references to $ or $CAD are to Canadian dollars. References to US$ are to United States dollars.

GLOSSARY OF TERMS

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

"**Advisory Board**"	means the advisory board of the Company, as constituted from time to time.
"**affiliate**" or "**associate**"	when used to indicate a relationship with a person or company, has the meaning set forth in the *Securities Act* (British Columbia), as amended from time to time, including the regulations promulgated thereunder.
"**Amalgamation**"	means, in connection with the Closing, the amalgamation of the Kona Bay with FinCo, a previous wholly-owned subsidiary of Kona Bay.
"**Arm's Length Transaction**"	means a transaction which is not a Related Party Transaction.
"**Arrangement**"	means, in connection with the Closing, the arrangement under Part 9, Division 5 of the BCBCA as approved by the Supreme Court of British Columbia in the Final Order, which also resulted in the Amalgamation.
"**Arrangement Agreement**"	means the arrangement agreement and plan of merger dated May 19, 2022 among Yerbaé USA, Kona Bay, Merger Sub, FinCo, Todd Gibson and Karrie Gibson.
"**Audit Committee**"	means the audit committee of the Company, as constituted from time to time.
"**BCBCA**"	means the *Business Corporations Act* (British Columbia), as amended from time to time, including the regulations promulgated thereunder.
"**Board**"	means the board of directors of the Company, as constituted from time to time, including, where applicable, any committee thereof.
"**CAGR**"	means compound annual growth rate.
"**CEO**"	means chief executive officer.
"**CFO**"	means chief financial officer.
"**Closing**"	means the closing of the Transaction.
"**CMO**"	means chief marketing officer.
"**Common Shares**"	means the common shares without par value in the capital of the Company.
"**Company**" or "**Yerbaé**"	means Yerbaé Brands Corp. (formerly Kona Bay Technologies Inc.), a company incorporated under the BCBCA.
"**COO**"	means chief operating officer.
"**CSE**"	means the Canadian Securities Exchange.

"**Debenture**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing*".
"**Debenture Units**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing*".
"**DGCL**"	means the Delaware *General Corporation Law*.
"**DTC**"	means the Depository Trust Company, a subsidiary of the Depository Trust & Clearing Corp. that manages the electronic clearing and settlement of publicly traded companies in the United States.
"**Effective Date**"	means the effective date of this AIF, being September 25, 2023.
"**Equity Incentive Plan**"	means the omnibus equity incentive plan adopted by shareholders of the Company on December 21, 2022 and which became effective on February 8, 2023 in connection with the closing of the Transaction.
"**Exchange Ratio**"	means one post-Consolidation common share of Kona Bay Share for each one Original Yerbaé Share.
"**Final Exchange Bulletin**"	means the TSXV bulletin which is issued following closing of the Transaction and the submission of all required documentation which evidences the final TSXV acceptance of the Transaction.
"**Final Order**"	means the final order of the Supreme Court of British Columbia dated January 24, 2023 approving the Arrangement pursuant to the provisions of Section 291(4)(a) of the BCBCA.
"**FinCo**"	means 1362283 B.C. Ltd., a company incorporated under the BCBCA for the purposes of the Transaction.
"**FinCo Shares**"	means common shares in the capital of FinCo.
"**FinCo Subscription Receipt**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Three Year History – The Closing of the Transaction*".
"**FinCo Warrant**"	means common share purchase warrants of FinCo.
"**First Tranche**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing*".
"**FTC**"	means the U.S. Federal Trade Commission.
"**GMO**"	means genetically modified organism.
"**Kona Bay**"	means Kona Bay Technologies Inc., prior to giving effect to the Transaction, a company incorporated under the BCBCA.

"**Maturity Date**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing*".
"**Merger**"	means, in connection with the Closing, the merger between Merger Sub with and into Yerbaé USA, whereby the separate corporate existence of Merger Sub ceased, and where Yerbaé USA continued its corporate existence under the DGCL as the surviving corporation in the Merger and a subsidiary of the Company.
"**MergerSub**"	means Kona Bay Technologies (Delaware) Inc., a company incorporated under the DGCL for the purposes of the Transaction.
"**NI 51-102**"	means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.
"**NI 52-110**"	means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.
"**Options**"	means options to purchase Common Shares issued pursuant to the Equity Incentive Plan.
"**Original Yerbaé Securityholders**"	means, prior to the Closing, the securityholders of Yerbaé USA.
"**Original Yerbaé Share**"	means, prior to the Closing, common shares in the capital of Yerbaé USA.
"**OTC**"	means the United States Over-the-Counter market.
"**Performance-Based Awards**"	means, collectively, DSUs, PSUs and RSUs.
"**Performance Share**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Three Year History – The Closing of the Transaction*".
"**Preferred Shares**"	means preferred shares without par value in the capital of the Company.
"**Related Party Transaction**"	has the meaning ascribed to that term in TSXV Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*, and includes a related party transaction that is determined by the TSXV, to be a Related Party Transaction
"**Second Tranche**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing*".
"**SEDAR+**"	means SEDAR+, the system which replaced the National Cease Trade Order Database, the Disciplined List, the System for Electronic Document Analysis and Retrieval, the System for Electronic Disclosure by Insiders, the National Registration Database and the National Registration System.
"**Transaction**"	means, collectively, the acquisition by Kona Bay of all of the issued and outstanding securities from the Original Yerbaé Securityholders and all other transactions contemplated by the Arrangement Agreement in order to effect

	the reverse takeover of Yerbaé USA by Kona Bay
"**Units**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Celebrity Investment Rounds*".
"**U.S.**", "**USA**" or "**United States**"	means the United States of America, its territories and possession.
"**Yerbaé LLC**"	means Yerbaé LLC, a wholly-owned Delaware limited liability company subsidiary of Yerbaé USA.
"**Yerbaé USA**"	means Yerbaé Brands Co., a company incorporated under the DGCL.
"**Yerbaé USA Share**"	has the meaning ascribed to that term under "*General Development of the Business of Yerbaé – Three Year History – The Closing of the Transaction*".
"**Warrants**"	means Common Share purchase warrants of the Company.

CORPORATE INFORMATION

Name, Address and Incorporation

Yerbaé was amalgamated pursuant to the provisions of the BCBCA on February 8, 2023, by articles of amalgamation whereby Kona Bay, as Yerbaé was then known, and FinCo, a then wholly owned subsidiary of Kona Bay, amalgamated to form "Yerbaé Brands Corp.". Kona Bay was incorporated pursuant to the provisions of the BCBCA on June 30, 2003, and FinCo was incorporated pursuant to the provisions of the BCBCA on May 11, 2022. Yerbaé's head office is located at 18801 N. Thompson Peak Parkway, Suite D-380, Scottsdale, Arizona, USA, 85255. Its registered and records office is located at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 and its website is www.yerbae.com.

The Common Shares are listed and trade on the TSXV under the symbol "YERB.U" and on the OTCQX® Best Market under the symbol "YERBF". The Company is a reporting issuer in Alberta and British Columbia and files it continuous disclosure documents on SEDAR+ at www.sedarplus.ca. The Company's filings through SEDAR+ are not incorporated by reference in this AIF.

Intercorporate Relationships

As of the date of this AIF, the Company has the following subsidiaries:

Subsidiary	Jurisdiction of Incorporation	Ownership Percentage
Yerbaé Brands Co.	Delaware	Direct 100%
Yerbaé LLC	Delaware	Indirect 100%(1)

(1) Yerbaé LLC is a wholly-owned subsidiary of Yerbaé USA (Yerbaé Brands Co.).

Yerbaé USA was incorporated under the DGCL on August 21, 2020. Yerbaé LLC was organized under the State of Delaware *Limited Liability Company Act* on May 18, 2016.

GENERAL DEVELOPMENT OF THE BUSINESS OF YERBAÉ

The disclosures in this section "*General Development of the Business of Yerbaé*" referring to the "Company" or "Yerbaé" refer collectively to Yerbaé, the holding company, as well as its operating subsidiaries Yerbaé USA and Yerbaé LLC as the context requires.

Yerbaé is an innovative and health-focused beverage company that creates clean functional plant-based products promoting a healthy lifestyle while leaving a cleaner footprint behind us. Yerbaé was the first to mix plant-based ingredients and sparkling water with zero sugar, calories, and carbohydrates to produce an energy seltzer that performs without compromise.

Yerbaé was founded in 2016 to create a plant-based energy beverage containing non-GMO White Tea and Yerba Mate, a South American herb and a natural source of caffeine that is sustainably sourced from South America. Yerbaé's first beverage was launched in 2017 and in stores by the fall of 2017. Yerbaé is engaged in the development, marketing, sale, and distribution of plant-based energy beverages.

Yerbaé beverages are created to provide products targeted at consumers seeking healthier beverages as an alternative to traditional energy drinks and consumers focused on health, wellness, and fitness. The products are formulated to provide a more refreshing taste than coffee, with additional benefits to existing sodas and sparkling waters, along with healthier ingredients compared to traditional energy drinks. Yerbaé's products complement a variety of healthy lifestyles and diets, such as non-GMO, Keto, Vegan, Kosher, Paleo, and gluten-free diets. As of June 30, 2023, Yerbaé's products are sold and available on Amazon.com, www.Yerbaé.com and sold in over 14,000 retail locations in the US marketplace.

Three Year History

Prior to the Transaction, Kona Bay, as Yerbaé was then known, had no active business or operations. A detailed description on the significant developments of the business of Yerbaé over the last three completed financial years is set out below.

The Transaction

On May 19, 2022, Kona Bay entered into the Arrangement Agreement related to the Transaction with Yerbaé USA, a Delaware incorporated naturally caffeinated, zero calorie, plant-based energy beverage company operating out of Scottsdale, Arizona, pursuant to which Kona Bay proposed to acquire all of the issued and outstanding securities of Yerbaé from the Original Yerbaé Securityholders. The Transaction was subject to the approval of the TSXV and constituted a reverse takeover of Kona Bay by Yerbaé USA as defined in TSXV Policy 5.2 – *Change of Business and Reverse Takeovers*. The TSXV deemed the Transaction a non-Arm's Length Transaction and, in connection with the announcement of the Transaction, trading in the common shares of Kona Bay were halted on May 20, 2022 and remained halted until the Closing.

Arrangement Agreement

Pursuant to the terms of the Arrangement Agreement, Kona Bay proposed to acquire all of the issued and outstanding securities of Yerbaé USA from the Original Yerbaé Securityholders in exchange for the right to receive Common Shares at the Exchange Ratio. Accordingly, the Transaction was to be completed by way of a reverse triangular merger conducted pursuant to: (i) the provisions of DGCL in which Merger Sub, a newly incorporated wholly-owned Subsidiary of Kona Bay incorporated for the purpose of the Transaction, was to merge with and into Yerbaé USA; and (ii) the Arrangement was to be conducted pursuant to the BCBCA.

The Closing of the Transaction

The Transaction was completed by way of a reverse triangular merger on February 8, 2023, conducted pursuant to: (i) the provisions of the DGCL in which MergerSub, a wholly-owned subsidiary of Kona Bay, completed the Merger with and into Yerbaé USA, and (ii) a plan of arrangement conducted pursuant to the provisions of the BCBCA, which also resulted in the Amalgamation of Kona Bay with FinCo, a previous wholly-owned subsidiary of Kona Bay.

In connection with the Closing, FinCo also closed a non-brokered private placement of 2,015,163 FinCo subscription receipts (each, a "**FinCo Subscription Receipt**") at a price of US$1.23 per FinCo Subscription Receipt for gross aggregate proceeds of US$2,478,650. Immediately prior to the Amalgamation, each FinCo Subscription Receipt was automatically converted, without payment of any additional consideration, into one FinCo Share”and one FinCo Warrant. In connection with the Closing, all FinCo Shares and FinCo Warrants were exchanged for Common Shares and Warrants, with each replacement Warrant entitling the holder to acquire one Common Share at a price of US$1.50 per Common Share until 5:00 p.m. (Vancouver time) for a period of eighteen (18) months, subject to an acceleration right whereby, in the event that the Common Shares have a closing price on a recognized North American securities exchange of US$2.50 or greater per Common Share for a period of thirty (30) consecutive trading days, Yerbaé may accelerate the expiry date of the Warrants by giving notice to the holder thereof by disseminating a news release advising of the acceleration of the expiry date of the Warrants and, in such case, the Warrants will expire on the thirtieth (30^{th}) day after such notice.

At the time of Closing, an aggregate of 54,493,953 Common Shares of the Company were issued and outstanding, of which: 35,848,290 Common Shares were issued to the Original Yerbaé Securityholders (inclusive of an aggregate of 5,631,276 Common Shares issued to former holders of an aggregate of US$4,500,000 in convertible promissory notes of Yerbaé USA converted immediately prior to Closing), 8,000,000 performance-based Common Shares (each, a “**Performance Share**”) were issued to certain individuals, as to 3,000,000 Performance Shares to Klutch Financial Corp., a former Insider of and arm’s length party to Yerbaé and Yerbaé USA, and 2,500,000 Performance Shares to each of Todd Gibson and Karrie Gibson, which Performance Shares are to be held in escrow and released upon the completion of certain performance-based incentives related to the listing of the Common Shares on the TSXV, future equity financings, and certain trailing gross revenue targets, 3,153,746 Common Shares were issued to the former holders of common share purchase warrants of Kona Bay exercised in connection with the Closing, and 2,015,163 Common Shares were issued to former holders of the FinCo Subscription Receipts.

In addition, the 1,087,752 options to purchase shares of common stock (each, a “**Yerbaé USA Share**”) of Yerbaé USA which were outstanding immediately prior to Closing were cancelled and the holders thereof were granted an aggregate of 1,087,752 Options to purchase Common Shares, 1,754,464 warrants to purchase Yerbaé USA Shares which were outstanding immediately prior to Closing were cancelled and the holders thereof were granted an aggregate of 1,754,464 replacement Warrants, and 2,015,163 FinCo Warrants which were outstanding immediately prior to Closing were cancelled and the holders thereof were granted an aggregate of 2,015,163 replacement Warrants.

In connection with the Closing, the parties paid customary advisory fees to Roth Canada, ULC, an eligible arm’s length third party finder, in consideration for the Roth Canada, ULC’s services in facilitating the identification, negotiation and implementation of the Transaction which consisted of the issuance of 507,662 Common Shares, as well as a cash payment of US$200,000.

The combined company resulting from the completion of the Transaction was renamed “Yerbaé Brands Corp.” and the Common Shares, following receipt of the Final Exchange Bulletin, began trading on the TSXV under the trading symbol “YERB.U” on February 13, 2023 as a Tier 2 industrial issuer. At the time of Closing, Yerbaé had an aggregate of 54,493,953 Common Shares, 1,087,752 Options and 4,202,014 Warrants outstanding.

Corporate History Post-Transaction

Convertible Debenture Financing

On April 3, 2023, Yerbaé announced a brokered private placement of unsecured convertible debenture units offering up to 3,000 unsecured convertible denture units (collectively, the “**Debenture Units**”) of the Company at a price of US$1,000 per Debenture Unit for aggregate gross proceeds of up to US$3,000,000. The first tranche (the “**First Tranche**”) closed on April 13, 2023 and consisted of 1,650 Debenture Units for gross proceeds of US$1,650,000. Following the closing of the First Tranche, Yerbaé later announced on April, 17, 2023 the upsizing of the offering to consist of up to 4,000 Debenture Units for aggregate gross proceeds of up to US$4,000,000. Yerbaé closed the second and final tranche (the “**Second Tranche**”) of the Debenture Unit offering on May 5, 2023, pursuant to which it issued 2,152 Debenture Units for gross proceeds of US$2,152,000, and for aggregate gross proceeds, together with the closing of the First Tranche, of US$3,802,000.

Each Debenture Unit consisted of: (i) one (1) $1,000 principal amount in unsecured convertible debenture (each, a "**Debenture**"); and (ii) 714 Warrants. The Debentures mature on April 30, 2025 (the "**Maturity Date**") and bear interest at a rate of 6.0% per annum, payable on the earlier of the Maturity Date or the date of conversion of the Debentures. The interest will be payable in Common Shares to be determined at the Market Price (as that term is defined in the Policies of the TSXV). The principal amount of the Debentures will be convertible at the holder's option into Common Shares at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption in the case of a change of control, at a conversion price of US$1.40 per Common Share, subject to adjustment in certain customary events. Each Warrant entitles the holder thereof to acquire one Common Share at a price per Common Share of US$1.70 at any time prior to the Maturity Date, subject to an acceleration right whereby, if, in the event the Common Shares have a daily volume weighted average trading price on the TSXV (or such other recognized North American securities exchange) of US$3.00 or greater per Common Share for any ten (10) consecutive trading day period at any time after the date that is four (4) months following the issuance of the Warrants, Yerbaé may accelerate the expiry of the Warrants by giving notice to the holders thereof by disseminating a news release advising of the acceleratio) and, in such case, the Warrants will be deemed to have expired on the day which is thirty (30) days after the date of such notice.

Celebrity Investment Rounds

On July 17, 2023, Yerbaé announced a non-brokered private placement offering of units (each, a "**Unit**") of the Company at a price of US$1.83 per Unit for aggregate gross proceeds of up to US$5,000,000. The first tranche of the offering closed on August 21, 2023 and consisted of 2,219,629 Units for aggregate gross proceeds of up to US$4,061,921.07. Yerbaé closed the second and final tranche on August 30, 2023, raising an additional US$412,352 via the issuance of 225,329 Units for aggregate gross proceeds together with the first tranche of US$4,474,273.

Each Unit consisted of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price per Common Share of US$2.15 for a period of twenty-four (24) months from the date of issuance.

Distribution Expansions

On April 14, 2023, Yerbaé announced an expansion in distribution with the Largest Club Store Chain in the United States.

On April 24, 2023, Yerbaé announced an expansion in distribution with Compass Group North America to 10,000 Locations Across 24 states.

On May 15, 2023, Yerbaé announced an expansion with Hannaford Supermarkets to 185 Stores Across the Northeast United States.

Other Corporate Updates

On May 23, 2023, Yerbaé announced that it had secured it has secured a new accounts receivable and inventory line of credit of US$2,500,000 from Oxford Commercial Finance, a Michigan banking corporation, through its Delaware subsidiary Yerbaé LLC. The debt facility replaced the Company's prior credit agreement and is an upgrade to bank debt, and will help the Company fuel its growth and support its ongoing operations.

On June 26, 2023, Yerbaé achieved OTCQX® Best Market Qualification and attained DTC eligibility.

On August 23, 2023, Yerbaé announced its partnership with Richmond Flowers, a former NFL player and coach and the visionary founder of QB Collective and Collective Sports Advisors – football's premier identification, development and representation ecosystem. This alliance seeks to revolutionize the industry by educating elite athletes and coaches on upgrading from conventional energy drinks available in the marketplace.

On September 6, 2023, Yerbaé announced the formation of its Yerbaé Advisory Board, Sports and Entertainment.

- ***Richmond Flowers III*** – Founder of QB Collective and Collective Sports Advisors, former NFL player and coach, and Chair of the Yerbaé Advisory Board, Sports and Entertainment;
- ***Kyle Shanahan*** – Head Coach, San Francisco 49ers;
- ***Annie Thorisdottir*** – Professional CrossFit Champion and Two-Time "Fittest Woman in the World";
- ***Lincoln Riley*** – Head Coach, University of Southern California "USC Trojans";
- ***Ejiro Evero*** – Defensive Coordinator, Carolina Panthers; and
- ***Ben Johnson*** – Offensive Coordinator, Detroit Lions.

Members of the Yerbaé Advisory Board, Sports and Entertainment will provide guidance and support to fuel Yerbaé's growth and introduce Yerbaé to new groups of consumers, focusing their input primarily on Yerbaé's strategic decisions, brand positioning, marketing campaigns and product innovation.

Significant Acquisitions During 2020

Aside from the Transaction, Yerbaé did not complete any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of NI 51-102. For further information on the Transaction and the reverse takeover of Kona Bay, as the Company was then known, by Yerbaé USA, see "*General Development of the Business of Yerbaé – Three Year History – The Closing of the Transaction*".

DESCRIPTION OF BUSINESS OF YERBAÉ

The disclosures in this section "*Description of the Business of Yerbaé*" referring to the "Company" or "Yerbaé" refer collectively to Yerbaé, the holding company, as well as its operating subsidiaries Yerbaé USA and Yerbaé LLC as the context requires.

General

Yerbaé develops plant-based energy drinks that contain no added sugar or artificial ingredients. Yerbaé was founded by Todd and Karrie Gibson in 2016 to create plant-based energy drinks containing Yerba Mate, a South American herb and a natural source of caffeine. Yerbaé's first beverage was launched in the first quarter of 2017.

Yerbaé is engaged in the development, marketing, sale, and distribution of plant-based energy beverages that do not contain calories, carbohydrates, or sugar. Yerbaé's line of beverages are blended with non-GMO plant-based ingredients, and offer the benefits of Yerba Mate and White Tea; sustainably sourced from Brazil and other growing regions in South America.

Yerbaé beverages are created to provide products targeted at consumers seeking healthier beverages as an alternative to existing energy drinks and focused on health, wellness, and fitness. The products are formulated to provide a more refreshing taste than coffee, with additional benefits to existing sodas and sparkling waters, along with healthier ingredients than traditional energy drinks. Yerbaé's products complement a variety of healthy lifestyles, such as non-GMO, Keto, Vegan, Kosher, Paleo and gluten-free diets.

Principal Products and Services

Yerbaé offers two primary beverage lines with a total of fourteen flavors. Yerbaé's two primary product lines are the 12oz Plant-Based Energy Seltzer Water and 16oz Plant-Based Energy Drink.

12 oz Energy Seltzer Water

Yerbaé's unsweetened Energy Seltzer Water line is served in a 12 oz can with zero sugar and zero calories. The beverage offers a lighter flavor than the 16 oz Energy Drink line and contains 100 mg of caffeine.

16 oz Energy Drink

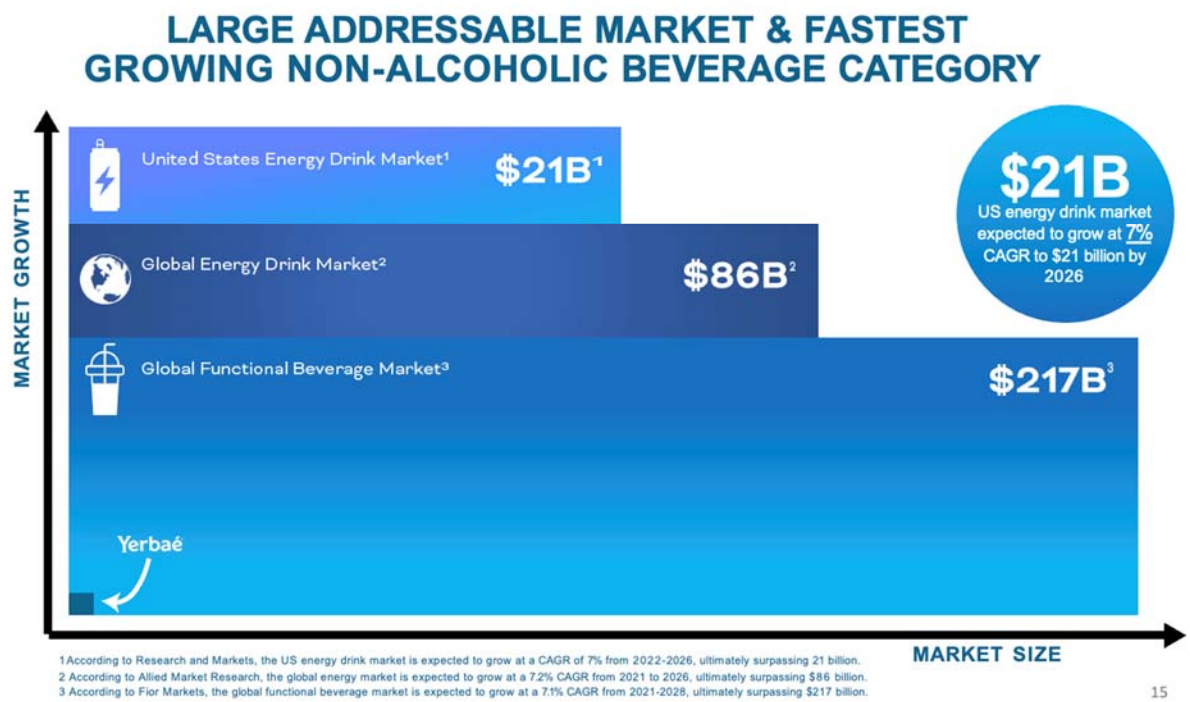
Yerbaé's zero calorie 16oz Energy Drink line was introduced to the market in 2020 to provide consumers with a greater energy boost. The flavor is more full-bodied than the 12oz Energy Seltzer Water and uses non-GMO Stevia as the sweetener.

Products are generally packaged and sold in 12 and 15 can packs for all its flavors as well as variety packs which include an assortment of three flavors. The Company's website also offers a subscription service.

Yerbaé is consistently optimizing its portfolio and innovating new flavors to continuously deliver a new and fresh flavor profile for the ever-changing taste buds of consumers. Yerbaé also intends to continue to build sales and distribution throughout the United States through its distribution channels and increasing consumer brand awareness through its marketing efforts.

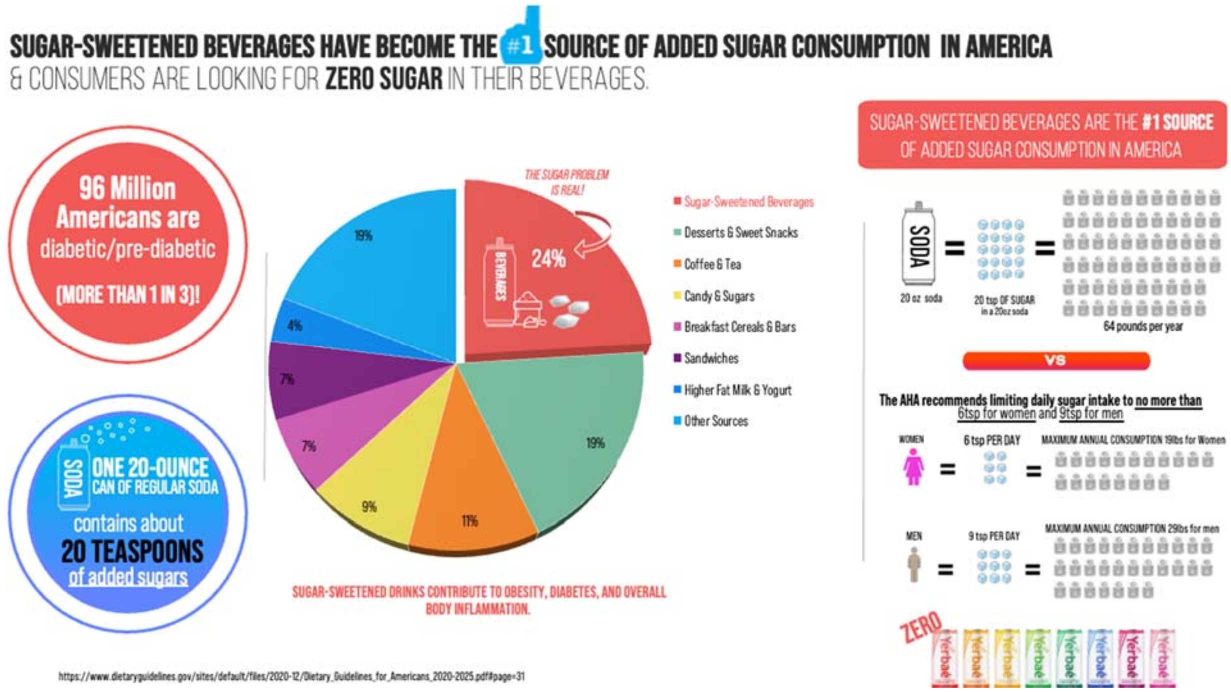
The Market

Yerbaé competes in a large and fast-growing market that is driven by an increased demand for energy drinks with a diverse nutritional profile and an increased adoption of healthy lifestyles since the COVID-19 pandemic. The U.S. energy-drink industry is estimated to be a US$15 billion industry and it represents the fastest growing category within the non-alcoholic beverage space, rapidly gaining share from soft drinks and juices. Over the last year, the energy drink category has seen 8% sales growth compared to 2.8% for all beverages. The U.S. energy drink industry is estimated to reach US$21 billion in sales by 2026, reflecting a 7% CAGR (see table below).



The Market Opportunity

Many consumers are looking for functional beverages with cleaner ingredients and zero sugar, and Yerbaé believes it is uniquely positioned to be a significant player in this large addressable market and fastest growing non-alcoholic beverage category.



Strategy

Yerbaé is a naturally caffeinated beverage that is revolutionizing the clean energy space with its clean, simple, and delicious beverage lineup that gives the body energy from its plant-based functional ingredients with Zero Compromise! With 100% commitment to Zero, Yerbaé has successfully sold over 31 million cans of product.

Every part of Yerbaé was created to fit today's modern diets and serve wellness forward consumers.

Yerbaé's products were formulated with five key pillars in mind:

1. ***Plant Power*** – Utilizes the power of plants as the source of energy.

2. ***Anti-Inflammation*** – Created with Zero sugar, calories, and carbohydrates or other inflammatory ingredients.

3. ***Diet Friendly*** – Gluten-free, non-GMO, Keto, Paleo, Vegan, Kosher, & diabetic friendly.

4. ***Sustainability*** – Zero Single-use plastic bottles.

5. ***Simple-Clean-Delicious.***

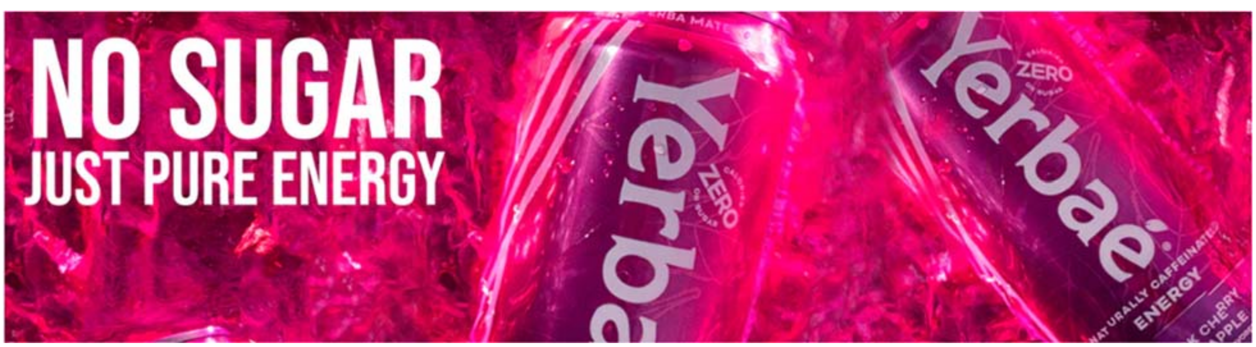
To support those 5 key pillars, Yerbaé has undertaken significant marketing efforts aimed at building brand awareness, including digital, social media, sponsorships, TV, and podcasts. Yerbaé also undertakes various promotions at the retail level such as display activity, coupons and other in-store incentives and sampling.

The energy drink market is expected to experience significant growth through 2031, as reported by Research and Markets in 2022. The North American market is currently dominated by two legacy brands that share about 82% of the market, as reported by Information Resources, Inc in 2021. However, emerging brands like Yerbaé have started to erode that market share lead with new products aimed at solving the industry's biggest problem: its ingredients list.

Yerbaé's consumers are estimated to be 56% male and 44% female with the average age range of 24 to 45 years of age. Yerbaé's consumers are engaged in active lifestyles and are looking for healthier energy drink alternatives for their mind and body.

Marketing

Yerbaé has undertaken significant marketing efforts aimed at building sales and brand awareness, including digital, social media, sponsorships, TV, and podcasts. Yerbaé also undertakes various promotions at the retail level such as display activity, coupons, and other in-store incentives.



Distribution Channels

Since the initial product launch in 2017, Yerbaé has sold over 31 million cans of Yerbaé. Yerbaé's line of products are currently available in over 14,000 retail locations in the US marketplace. Yerbaé sells across many retail segments that include wholesale club stores, convenience stores, drug stores, grocery stores, natural food stores, mass merchants, food services, and direct to consumer, as well as health clubs, gyms, Yoga Studios, and quick serve restaurants.

Yerbaé uses four main distribution channels to deliver its products to retailers and consumers in the United States:

1. ***Broadline Distribution*** *– This distribution channel consists of retailers that use third party warehouse distribution centers for delivery to their retail outlets such as Vistar, Kehe, United Natural Foods, Inc., and others.*

2. ***DSD (Direct Store Delivery)*** *– This distribution channel comprises of local distributors who service nationally-recognized brands, or other independent distribution networks that deliver directly to retail stores and merchandise the products on Yerbaé's behalf.*

3. ***Direct Distribution*** *– Yerbaé sells its products directly to the retailer and then ships them to retailer owned warehouses for store distribution and merchandising.*

4. ***Direct to Consumer (D2C)*** *– Yerbaé sells directly to consumers through e-commerce platforms such as Amazon and the Company's own website.*

Competitive Conditions

The functional energy drink industry is highly competitive. The principal areas of competition are pricing, packaging, distribution channel penetration, development of new products and flavors, product positioning as well as promotion and marketing strategies. Yerbaé's products compete with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources and name recognition than Yerbaé does.

Important factors affecting Yerbaé's ability to compete successfully include the efficacy, taste and flavor of Yerbaé's products, trade and customer promotions, rapid and effective development of new, unique cutting-edge products, attractive and different packaging, branded product advertising and pricing. The success of Yerbaé's social media and other general marketing endeavors may impact Yerbaé's business, financial condition, and results of operation. Yerbaé's products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers, such as The Coca Cola Company, Dr. Pepper Snapple Group, PepsiCo, Inc., Nestle, Waters North America, Inc., Monster Energy and Red Bull. Yerbaé also competes with companies that are smaller or primarily local in operation. Yerbaé's products also compete with private label brands such as those carried by supermarket chains, convenience store chains, drug store chains, mass merchants and club warehouses. New competitors continue to emerge, some of which target specific markets as well as the health and wellness space. This may require additional marketing expenditures on Yerbaé's part to remain competitive.

Proprietary Protection

Yerbaé owns domestic trademarks and other proprietary rights that are important to Yerbaé's business, including Yerbaé's main trademark. Yerbaé® LOGO is a registered trademark of Yerbaé in the United States. Depending upon the jurisdiction, trademarks are valid as long as they are used in the regular course of trade and/or their registrations are properly maintained. All of Yerbaé's material trademarks are registered with the U.S. Patent and Trademark Office.

Yerbaé's trademarks are as follows:

Trademark	Country	Date of Registration	Register	Registration Number
	United States	February 13, 2018	Supplemental Register	5,403,553
	United States	November 7, 2017	Principal Register	5,328,481

Pursuant to a trademark license agreement dated May 4, 2017 between the Non-GMO Project and Yerbaé LLC as the licensee, the Non-GMO Project has granted to Yerbaé LLC a non-exclusive, non-transferable, non-assignable, revocable license in the United States and Canada in and to certain of trademarks owned by the Non-GMO Project for use on or in relation to the products of Yerbaé LLC.

Business Cycles

Yerbaé's business is not cyclical. Accordingly, the U.S. market, the sole market in which Yerbaé operates, generally does not see the same type of seasonal sales trend as other jurisdictions in North America. Yerbaé produces and sells energy drinks throughout the entire year.

Environmental Protection

As of the date of this AIF, there are no financial and/or operational impacts in relation to environmental protection requirements on the capital expenditures, earnings and competitive position of Yerbaé.

Employees

As of the date of this AIF, Yerbaé employs approximately 19 employees, with the majority at its corporate headquarters in Scottsdale, Arizona.

Lending

As of the date hereof, Yerbaé does not conduct any lending operations, nor does it have any investment policies and/or investment restrictions policies in place.

Reorganizations

Aside from the Transaction, Yerbaé has not completed any material reorganization of the company or of any of its subsidiaries within the three most recently completed financial years. For further information on the Transaction and the reverse takeover of Kona Bay, as the Company was then known, by Yerbaé USA, see "*General Development of the Business of Yerbaé – Three Year History – The Closing of the Transaction*".

RISK FACTORS

The following specific factors could materially adversely affect the Company and should be considered when deciding whether to make an investment in the Company. The risks and uncertainties described in this AIF and the information incorporated by reference herein are those the Company currently believes to be material, but they are not the only ones the Company will face. If any of the following risks, or any other risks and uncertainties that the Company has not identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows, and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Company's securities could decline, and prospective investors could lose all or part of their investment.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's other public filings before making an investment decision.

Any reference to the "Company" or "Yerbaé" in the risk factors refers to the Company and its subsidiaries together on a consolidated basis.

Changes in the caffeinated energy beverage business environment and retail landscape could adversely impact the Company's financial results.

The caffeinated energy beverage business environment is rapidly evolving as a result of, among other things, changes in consumer preferences, including changes based on health and nutrition considerations and obesity concerns; shifting consumer tastes and needs; changes in consumer lifestyles; and competitive product and pricing pressures. In addition, the caffeinated energy beverage retail landscape is very dynamic and constantly evolving, not only in emerging and developing markets, where modern trade is growing at a faster pace than traditional trade outlets, but also in developed markets, where discounters and value stores, as well as the volume of transactions through e-commerce, are growing at a rapid pace. If Yerbaé is unable to successfully adapt to the rapidly changing environment and retail landscape, its share of sales, volume growth and overall financial results could be negatively affected.

Intense competition and increasing competition in the commercial beverage market could hurt Yerbaé's business.

The commercial retail beverage industry, and in particular its functional caffeinated energy beverage segment is highly competitive. Market participants are of various sizes, with various market shares and geographical reach, some of whom have access to substantially more sources of capital.

Yerbaé will compete generally with all commercial beverages, including specialty beverages, such functional energy drinks. Yerbaé will compete indirectly with major international beverage companies including, but not limited to: the Coca Cola Company, Dr. Pepper Snapple Group, PepsiCo, Inc., Nestle, Waters North America, Inc., Hansen Natural Corp. and Red Bull. These companies have established market presence in the United States, and offer a variety of beverages that are substitutes to Yerbaé's products. Yerbaé faces potential direct competition from such companies, because they have the financial resources, and access to manufacturing and distribution channels to rapidly enter the energy beverage market.

Yerbaé will compete directly with other beverage producers and brands focused on the emerging naturally caffeinated, plant-based energy beverage market including but not limited to: Guayaki, Guru, Hi-Ball, and Celsius. These companies could bolster their position in the caffeinated plant-based energy beverage market through additional expenditure and promotion.

The rapid growth in sales through e-commerce retailers, e-commerce websites, mobile commerce applications and subscription services, and closures of physical retail operations, particularly during, and potentially following, the

COVID-19 pandemic, may result in a shift away from physical retail operations to digital channels and a reduction in impulse purchases. Further, the ability of consumers to compare prices on a real-time basis using digital technology puts additional pressure on Yerbaé to maintain competitive prices. Sales in gas retailer chains may also be affected by improvements in fuel efficiency and increased consumer preferences for electric or alternative fuel-powered vehicles, which may result in fewer trips by consumers to gas stations and a corresponding reduction in purchases by consumers in convenience gas retailers. Yerbaé has been growing its e-commerce sales by using its own website platform, Amazon, and leveraging its retail partners e-commerce platforms. However, if Yerbaé is unable to successfully adapt to the rapidly changing retail landscape, its share of sales, volume growth and overall financial results could be negatively affected.

As a result of both direct and indirect competition, Yerbaé's ability to successfully distribute, market and sell its product, and to gain sufficient market share in the United States to realize profits may be limited, greatly diminished, or totally diminished, which may lead to partial or total loss of your investments in Yerbaé.

Changes in consumer product and shopping preferences may reduce demand for Yerbaé's products.

The functional energy drink and supplement categories are subject to changing consumer preferences and shifts in consumer preferences may adversely affect Yerbaé. There is increasing awareness of and concern for health, wellness, and nutrition considerations, including concerns regarding caloric intake associated with sugar-sweetened drinks and the perceived undesirability of artificial ingredients. Yerbaé's products do not contain the artificial preservatives often found in many energy drinks and sodas. Yerbaé has no artificial preservatives, aspartame or high fructose corn syrup and is very low in sodium. Yerbaé has sweetened line of products that are sweetened with Stevia, a composite herb native to South America whose leaves are the source of a noncaloric sweetener. However, consumer preferences may shift away from the trend towards healthier options that Yerbaé has observed, and as such, there can be no assurance that Yerbaé's current products and product lines will maintain their current levels of demand. There are also changes in demand for different packages, sizes, and configurations. This may reduce demand for Yerbaé's products, which could reduce Yerbaé's revenues and adversely affect Yerbaé's results of operations.

Consumers are seeking greater variety in their functional energy drinks. Yerbaé's success will depend, in part, upon its continued ability to develop and introduce different and innovative drinks and supplements that appeal to consumers. In order to retain and expand Yerbaé's market share, Yerbaé must continue to develop and introduce different and innovative supplements and be competitive in the areas of efficacy, taste, quality, and price, although there can be no assurance of its ability to do so. There is no assurance that consumers will continue to purchase Yerbaé products in the future. Product lifecycles for some functional energy drink brands, products and/or packages may be limited to a few years before consumers' preferences change. The functional energy drinks that Yerbaé currently markets are in varying stages of their product lifecycles, and there can be no assurance that such products will become or remain profitable for Yerbaé. Yerbaé may be unable to achieve volume growth through product and packaging initiatives. Yerbaé may also be unable to penetrate new markets.

Yerbaé derives virtually all of its revenues from functional energy drinks, and competitive pressure in the functional energy drink category could adversely affect Yerbaé's business and operating results.

Yerbaé's focus is in the functional energy category, and its business is vulnerable to adverse changes impacting the fitness supplement category and business, which could adversely impact Yerbaé's business and the trading price of its common stock.

Virtually all of Yerbaé's sales are derived from its functional energy beverage product lines. Any decrease in the sales of its functional energy drinks could significantly adversely affect Yerbaé's future revenues and net income. Historically, Yerbaé have experienced substantial competition from new entrants in the functional energy drink category. The increasing number of competitive products and limited amount of shelf space, including in coolers, in retail stores may adversely impact Yerbaé's ability to gain or maintain a share of sales in the marketplace. In addition, certain actions of competitors, including unsubstantiated and/or misleading claims, false advertising claims and tortious interference in Yerbaé's business, as well as competitors selling misbranded products, could impact Yerbaé's sales. Competitive pressures in the functional energy drink and supplement categories could impact Yerbaé's revenues, cause price erosion and/or lower market share, any of which could have a material adverse effect on its business and results of operations.

Yerbaé will compete in an industry that is brand-conscious, so brand name recognition and acceptance of its products are critical to its success and significant marketing and advertising could be needed to achieve and sustain brand recognition.

Yerbaé's business is substantially dependent upon awareness and market acceptance of its products and brands by its targeted consumers. Its business also depends on acceptance by independent distributors of the Yerbaé brand as one that has the potential to provide incremental sales growth rather than reduce distributors' existing functional energy drinks. The development of brand awareness and market acceptance is likely to require significant marketing and advertising expenditures. There can be no assurance that Yerbaé will achieve and maintain satisfactory levels of acceptance by independent distributors and retail customers. Any failure of the Yerbaé brand to maintain or increase acceptance or market penetration would likely have a material adverse effect on business, financial condition and results of operations.

If Yerbaé is unable to successfully manage new product launches, its business and financial results could be adversely affected.

Due to the highly competitive nature of the global functional energy drink sector, Yerbaé expects and intends to continue to introduce new products and evolve existing products to better match consumer demand. The success of new and evolved products depends on several factors, including timely and successful development and consumer acceptance. Such endeavors may also involve significant risks and uncertainties, including distraction of management from current operations, greater than expected liabilities and expenses, inadequate return on capital, exposure to additional regulations and reliance on the performance of third parties.

Alternative non-commercial beverages or processes could hurt Yerbaé's business.

The availability of non-commercial beverages, such as tap water, and machines capable of producing naturally caffeinated, plant-based energy beverages at the consumer's home could hurt Yerbaé's business, market share, and profitability.

Expansion of the naturally caffeinated, plant-based energy beverage market or sufficiency of consumer demand in that market for operations to be profitable are not guaranteed.

The naturally caffeinated, plant-based energy beverage market is an emerging market and there is no guarantee that this market will expand or that consumer demand will be sufficiently high to allow Yerbaé to successfully market, distribute and sell its products, or to successfully compete with current or future competition, all of which may result in total loss of your investment.

Health benefits of caffeinated energy beverages are not guaranteed or proven, rather it is perceived by consumers.

Health benefits of caffeinated energy beverages are not guaranteed and have not been proven. There is a perception that consuming naturally caffeinated, plant-based energy beverages have beneficial health effects. Consequently, negative changes in consumers' perception of the benefits of such beverages or negative publicity surrounding them may result in loss of market share or potential market share and hence loss of your investment.

Water scarcity and poor quality could negatively impact Yerbaé's production costs and capacity.

Water is an ingredient in the product. It is also a limited resource, facing unprecedented challenges from overexploitation, increasing pollution, poor management, and climate change. As demand for water continues to increase, as water becomes scarcer, and as the quality of available water deteriorates, Yerbaé may incur increasing production costs or face capacity constraints that could adversely affect its profitability or net operating revenues in the long run.

Climate change and natural disasters may affect Yerbaé's business.

There is concern that a gradual increase in global average temperatures due to increased carbon dioxide and other greenhouse gases in the atmosphere could cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Changing weather patterns could result in decreased agricultural productivity in certain regions, and/or outbreaks of diseases or other health issues, which may limit availability and/or increase the cost of certain ingredients used in Yerbaé's products and could impact the food security of communities around the world. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt Yerbaé's supply chain and/or impact demand for its products.

Natural disasters and extreme weather conditions, such as hurricanes, wildfires, earthquakes or floods, and outbreaks of diseases (such as the COVID-19 pandemic) or other health issues may affect Yerbaé's operations and the operation of its supply chain, impact the operations of its distributors and unfavorably impact Yerbaé's consumers' ability to purchase its products. In addition, public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation, and raw material costs, and may require Yerbaé to make additional investments in facilities and equipment. Changes in applicable laws, regulations, standards or practices related to greenhouse gas emissions, packaging and water scarcity, as well as initiatives by advocacy groups in favor of certain climate change-related laws, regulations, standards or practices, may result in increased compliance costs, capital expenditures and other financial obligations, which could affect Yerbaé's business, financial condition and results of operations. Sales of Yerbaé's products may also be influenced to some extent by weather conditions in the markets in which it operates. Yerbaé's third-party co-packers use a number of key ingredients in the manufacturing of its products and powder packets that are derived from agricultural commodities. Increased demand for food products and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns and other factors may limit the availability or increase the cost of such agricultural commodities and could impact the food security of communities around the world. Weather conditions may influence consumer demand for certain of Yerbaé's products, which could have an effect on its operations, either positively or negatively.

Increase in the cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials could harm Yerbaé's business.

Yerbaé's bottling partners will use water, Yerba Mate, guarana, white tea, stevia, flavoring and packaging materials for bottles such as aluminum, plastic and paper products. The prices for these ingredients, other raw materials and packaging materials fluctuate depending on market conditions. Substantial increases in the prices of Yerbaé's or its bottling partners' ingredients, other raw materials and packaging materials, to the extent they cannot be recouped through increases in the prices of finished beverage products, would increase Yerbaé's operating costs and could reduce its profitability. Increases in the prices of Yerbaé's finished products resulting from a higher cost of ingredients, other raw materials and packaging materials could affect the affordability of its products and reduce sales.

An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, or packaging materials and containers that may be caused by a deterioration of Yerbaé's or its bottling partners' relationships with suppliers; by supplier quality and reliability issues; or by events such as natural disasters, power outages, labor strikes, political uncertainties or governmental instability, or the like, could negatively impact Yerbaé's net revenues and profits.

Because Yerbaé has a limited operating history, Yerbaé's ability to fully and successfully develop the business is unknown.

Yerbaé has only recently begun producing and distributing energy beverages and does not have a significant operating history with which investors can evaluate Yerbaé's business. Yerbaé's ability to successfully develop its products, and to realize consistent, meaningful revenues and profit has not been established and cannot be assured. For Yerbaé to achieve success, the products must receive broad market acceptance by consumers. Without this market acceptance, Yerbaé will not be able to generate sufficient revenue to continue Yerbaé's business operations. If Yerbaé's products are not widely accepted by the market, the business may fail.

Yerbaé's ability to achieve and maintain profitability and positive cash flow is dependent upon Yerbaé's ability to generate revenues, manage development costs and expenses, and compete successfully with direct and indirect competitors.

Based upon current plans, Yerbaé expects to incur operating losses in future periods. This will happen because there are expenses associated with the development, production, marketing, and sales of its products. As a result, Yerbaé may not generate significant revenues in the future. Failure to generate significant revenues in near future may cause it to suspend or cease activities.

Yerbaé will need additional funds to produce, market, and distribute Yerbaé's product.

Yerbaé will have to spend additional funds to produce, market and distribute Yerbaé's product. If Yerbaé cannot raise sufficient capital, Yerbaé may have to cease operations and investors could lose their investment.

Yerbaé will need additional funds to produce its products for distribution to Yerbaé's target market. Even after Yerbaé completes the production of its product, it will have to spend substantial funds on distribution, marketing and sales efforts before Yerbaé will know if it has commercially viable and marketable/sellable products.

Negative operating cash flow.

Yerbaé historically has had negative cash flow from operating activities. It is anticipated that Yerbaé will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- increasing Yerbaé's vulnerability to general adverse economic and industry conditions;
- limiting Yerbaé's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limiting Yerbaé's flexibility in planning for, or reacting to, changes in its business and the industry.
- Ability to Generate Profits.

There can be no assurance that Yerbaé will generate net profits in future periods. Further, there can be no assurance that Yerbaé will be cash flow positive in future periods. In the event that Yerbaé fails to achieve profitability, the value of Yerbaé Shares may decline. In addition, if Yerbaé is unable to achieve or maintain positive cash flows, Yerbaé will be required to seek additional funding, which may not be available on favorable terms, or at all.

Dependence on personnel.

Due to the specialized nature of Yerbaé's business, Yerbaé's success depends on its ability to attract and retain qualified personnel and management. In particular, Yerbaé's future success will depend in part on the continued services of its executive officers and other key employees. Competition for qualified personnel in the industry in which Yerbaé operates is intense. Yerbaé believes that there are only a limited number of people with the requisite skills to serve in many key positions and it is difficult to hire and retain these people. The loss of one or more of these key personnel may have a significant adverse effect on Yerbaé or its sales, operations and profits.

Dependence on trademarks and proprietary rights.

Yerbaé's success depends, in large part, on its ability to protect its brands and products and to defend its intellectual property rights. Yerbaé currently has registered both the name "Yerbaé" and Yerbaé's frog logo as trademarks with the United States Patent and Trademark Office. Yerbaé cannot be sure that trademarks will be issued with respect to any future trademark applications or that its competitors will not challenge, invalidate or circumvent any existing or future trademarks issued to, or licensed by, Yerbaé. Additionally, Yerbaé's products will be manufactured using proprietary blends of ingredients created by third-party suppliers and then supplied to co-packers. Although the third-parties in Yerbaé's supply and manufacturing chain will execute confidentiality agreements, there can be no assurances that trade secrets, such as the proprietary ingredient blends, will not become known to competitors.

The U.S. Food and Drug Administration has not passed on the efficacy of Yerbaé's products or the accuracy of any claim made related to its products. The FTC regulates advertising and may review the truthfulness of and substantiation for any claim Yerbaé makes related to its products.

Yerbaé's advertising activities within the United States are subject to regulation by the FTC under the Federal Trade Commission Act. In recent years, the FTC and state attorneys general have initiated numerous investigations of dietary and nutritional supplement companies and products. Any actions or investigations initiated against the Company by governmental authorities or private litigants could have a material adverse effect on Yerbaé's business, financial condition, and results of operations.

The shifting regulatory environment through the various jurisdictions in which are products are sold necessitates building and maintaining robust systems to achieve and maintain compliance in multiple jurisdictions and increases the possibility that Yerbaé may violate one or more of the legal requirements. If its operations are found to be in violation of any applicable laws or regulations, Yerbaé may be subject to, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of its operations, injunctions, or product withdrawals, recalls or seizures, any of which could adversely affect its ability to operate its business, its financial condition and results of operations.

The requirements of being a public company may strain Yerbaé's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members.

As a public company, Yerbaé is subject to the reporting requirements of applicable securities laws in Canada and the United States, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations will increase Yerbaé's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increased demand on its systems and resources. Applicable securities laws require Yerbaé to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, applicable securities laws require Yerbaé to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Yerbaé may be required to improve its disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm Yerbaé's business and results of operations. To comply with these requirements, Yerbaé may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Yerbaé intends to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue generating activities to compliance activities. If its efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against Yerbaé and its business may be adversely affected.

As a public company subject to these rules and regulations, Yerbaé may find it more expensive for them to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for Yerbaé to attract and retain qualified members to its board of directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, Yerbaé's businesses and financial condition have become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, Yerbaé's business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in its favor, these claims, and the time and resources necessary to resolve them, could divert the resources of Yerbaé's management and harm its business and results of operations.

Litigation and Product Recall.

All industries, including the caffeinated energy beverage industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which Yerbaé may become subject could have a material adverse effect on Yerbaé's business, prospects, financial position or results of operations. Additionally, Yerbaé may be required to recall its products if they become contaminated, damaged, or mislabeled. A significant product liability judgement, or widespread product recall, could have a material adverse effect on the Company's business, financial condition and results of operations.

Operating risk and insurance coverage.

Yerbaé may obtain insurance to protect its assets, operations and employees. Such insurance may be subject to coverage limits and exclusions and may not be available for the risks and hazards to which Yerbaé is exposed. In addition, no assurance can be given that such insurance would be adequate to cover Yerbaé's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Yerbaé was to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Yerbaé was to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of growth.

Yerbaé may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Yerbaé to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of

Yerbaé to deal with this growth may have a material adverse effect on Yerbaé's businesses, financial condition, results of operations and prospects.

No Dividends.

Yerbaé currently has no plans to pay regular dividends on the Common Shares. Any declaration and payment of future dividends to holders of Common Shares will be at the sole discretion of Yerbaé's board of directors and will depend on many factors, including the financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations of Yerbaé that Yerbaé's board of directors deems relevant.

There is no guarantee that sufficient sale levels will be achieved.

There is no guarantee that the expenditure of money on distribution and marketing efforts will translate into sales or sufficient sales to cover Yerbaé's expenses and result in profits. Consequently, there is a risk that you may lose all of your investment.

Product development, marketing, and sales activities are limited by Yerbaé's size.

Due to a lack of capital and resources, Yerbaé must limit its product development, marketing, and sales activities. As such, Yerbaé may not be able to complete its production and business development program .If this becomes a reality, Yerbaé may not ever generate revenues and you will lose your investment.

Conflicts of Interest.

Certain of the directors and officers of Yerbaé are also directors and officers of other companies. In addition, they may devote time to other outside business interests, so long as such activities do not materially or adversely interfere with their duties to Yerbaé. The interests of these persons could conflict with those of Yerbaé. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws, including the requirements of the BCBCA. In particular, in the event that such a conflict of interest arises at a meeting of Yerbaé Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Yerbaé will be required to act honestly, in good faith and in the best interests of Yerbaé.

Yerbaé's growth and profitability depends on the performance of third-parties and its relationship with them.

Yerbaé and its distribution network and its success depend on the performance of third parties, such as third-party co-packers and distribution partners. Any non-performance or deficient performance by such parties may undermine Yerbaé's operations, profitability, and result in total loss to your investment. To manufacture products, Yerbaé will rely on third-party co-packers. These third-party co-packers may not be able to fulfill Yerbaé's demand, or such third-parties could begin to charge rates that make using their services cost inefficient. In such a case, Yerbaé's business, financial condition, and results of operation would be adversely affected. To distribute product, Yerbaé will use a broker-distributor-retailer network whereby brokers represent products to distributors and retailers who will in turn sell product to consumers. The success of this network will depend on the performance of the brokers, distributors and retailers of this network. There is a risk that a broker, distributor, or retailer may refuse to or cease to market or carry Yerbaé's products. There is a risk that the mentioned entities may not adequately perform their functions within the network by, without limitation, failing to distribute to sufficient retailers or positioning Yerbaé's products in localities that may not be receptive to it. Furthermore, such third-parties' financial position or market share may deteriorate, which could adversely affect Yerbaé's distribution, marketing and sale activities. Yerbaé must maintain good commercial relationships with third-party brokers, distributors and retails so that they will promote and carry its product. Any adverse consequences resulting from the performance of third-parties or Yerbaé's relationship with them could undermine Yerbaé's operations, profitability and may result in total loss of your investment.

DESCRIPTION OF CAPITAL STRUCTURE

Yerbaé's authorized share structure consists of an unlimited number of Common Shares without par value and 100,000,000 Preferred Shares without par value. As of the date of this AIF, a total of 58,307,964 Common Shares, 2,440,639 Options each exercisable for one Common Share and 13,939,444 Warrants, each exercisable for one Common Share are issued and outstanding. See "*Market for Securities – Prior Sales*" for more information.

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, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Yerbaé, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Preferred Shares

The holders of the Preferred Shares are not entitled to receive notice of or to attend and vote at meetings of the shareholders of Kona Bay. The holders of the Preferred Shares are entitled to priority over the Common Shares and all other shares ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets of the Yerbaé in the event of any liquidation, dissolution or winding up of the Company or other distribution of Yerbaé assets for the purpose of winding up Kona Bay's affairs, whether voluntary or involuntary. The Preferred Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

MARKET FOR SECURITIES

Trading Price and Volume of Common Shares

The Common Shares are listed for trading on the TSXV under the symbol "YERB.U". The following table sets forth the price high and low ranges of the Common Shares in U.S. dollars or Canadian dollars, as applicable, and the volume traded on the TSXV, for the periods indicated.

2023	High ($)	Low ($)	Volume
September 1st to 22nd	US$2.06	US$1.52	383,493
August	US$2.60	US$1.61	372,079
July	US$2.35	US$1.65	374,537
June	US$1.81	US$1.50	279,979
May	US$1.70	US$1.60	312,872
April	US$1.70	US$1.32	243,233
March	US$1.68	US$1.30	335,243
February(1)	US$2.00	US$1.25	359,691
January	No Trades(2)		

2022	High ($)	Low ($)	Volume
December	No Trades[2]		
November	No Trades[2]		
October	No Trades[2]		
September	No Trades[2]		
August	No Trades[2]		
July	No Trades[2]		
June	No Trades[2]		
May	CAD$0.25	CAD$0.004	3,438,337
April	CAD$0.10	CAD$0.10	6,492
March	CAD$0.10	CAD$0.10	116,520
February	No Trades		
January	No Trades		

(1) Trading in the Common Shares on facilities of the TSXV resumed under the trading symbol "YERB.U" on February 13, 2023 following the closing of the Transaction.

(2) Trading in the common shares of Kona Bay on the facilitates of the TSXV was halted on May 20, 2022 at a trading price of CAD$0.25, pending the public announcement of the Transaction.

Prior Sales

During the fiscal year ended December 31, 2022, the Company did not issue any Common Shares or unlisted securities.

ESCROWED SECURITIES

The following table summarizes the Company's securities that remain in escrow or subject to restrictions on transfer as of the date of this AIF:

Designation of Class	Number of securities held in escrow or that are subject to contractual restriction on transfer	Percentage of Class
Common Shares	45,116,107[1]	77.38%[2]
Options	271,143[1]	11.11%[3]
Warrants	4,411,764[1]	31.65%[4]

(1) In connection with the closing of the Transaction: (a) an aggregate of 10,021,042 Common Shares and 4,411,764 Warrants were deposited into escrow with Odyssey Trust Company, as escrow agent, under the terms of a Tier 2 Value escrow agreement based on TSXV Form 5D – *Escrow Agreement*, of which 7,515,782 Common Shares and 3,308,824 Warrants remain in escrow; (b) an aggregate of 17,214,036 Common Shares and 271,143 Options were deposited into escrow with Odyssey Trust Company, as escrow agent, under the terms of a Tier 2 Surplus escrow agreement based on TSXV Form 5D – *Escrow Agreement*, of which 15,492,632 Common Shares and 244,029 Options remain in escrow; and (c) an aggregate of 30,157,318 Common Shares issued to the Original Yerbaé Securityholders are subject to a contractual lock-up in accordance with the terms of the Arrangement Agreement, all of which remain under contractual lock-up. Notwithstanding the foregoing, the Common Shares subject to the Tier 2 Surplus escrow agreement are included and remain subject to the contractual lock-up provisions under the Arrangement Agreement.

(2) Percentages based on 58,307,964 Common Shares issued and outstanding as of the date of this AIF.

(3) Percentages based on 2,440,639 Options outstanding as of the date of this AIF.

(4) Percentages based on 13,939,444 Warrants outstanding as of the date of this AIF.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared or paid a dividend. Other than the requirements of the BCBCA, there are no restrictions on the Company that would prevent it from paying a dividend. However, as of the Effective Date, the Board intends to retain any future earnings (when available) for reinvestment in the Company's business, and therefore, it has no current intention to declare or pay dividends on the Common Shares in the foreseeable future. Any future determination to pay dividends on the Common Shares will be at the sole discretion of the Board after considering a variety of factors and conditions existing from time to time including its earnings, financial condition and other relevant factors.

DIRECTORS AND OFFICERS

As at the date hereof, the Board is comprised of six individuals. The following table sets forth the names and municipalities of residence of the current directors and executive officers of the Company, their respective positions and offices with the Company and the date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years.

Name, Occupation and Security Holding

Name and Municipality of Residence	Position Held and Date Appointed	Principal Occupation within the Past Five(5) Years
Todd Gibson *Scottsdale, Arizona USA*	CEO and Director (February 8, 2023)	CEO and director of Yerbaé
Karrie Gibson[(1)(2)] *Scottsdale, Arizona USA*	COO and Director (February 8, 2023)	COO and director of Yerbaé
Nick Cranny *Phoenix, Arizona USA*	Interim CFO (June 30, 2023)	Director of financing and Interim CFO of Yerbaé
Renata Kubicek *Vancouver, British Columbia, Canada*	Corporate Secretary (February 8, 2023)	Professional corporate services provider
Carl Sweat[(1)] *Atlanta, Georgia USA*	Director (February 8, 2023)	Founder and CEO of Brand Sherpas, LLC since January 2020, and Co-CEO of ThermaMEDx LLC since April 2020
Rose Zanic[(1)] *Vancouver, British Columbia, Canada*	Director (February 8, 2023)	President of RCF Advisors Ltd., a private company that provides corporate finance consulting services to public and private companies.
Andy Dratt[(1)] *Chicago, Illinois USA*	Director (February 8, 2023)	Chief Commercial Officer of Imbibe since February 2010 and Operating Partner of Shore Capital Partners since November 2020

(1) Member of the Audit Committee.

(2) Chair of the Audit Committee.

As at the date of this AIF, the directors and senior officers of Yerbaé, as a group, beneficially own or control, directly or indirectly, 17,058,639 Common Shares or 29.26% of the issued and outstanding Common Shares.

The directors listed above will hold office until the next annual meeting of the Company or until their successors are elected or appointed.

Management

The following is a brief description of the proposed key members of management of the Yerbaé:

Todd Gibson – CEO and Director

Mr. Gibson is an accomplished beverage industry entrepreneur, with over 24 years of experience as an innovator, business builder, and sales leader.

Mr. Gibson is regarded as an execution leader in the beverage industry. Mr. Gibson was distribution manager at Hansen's Energy, better known as Monster Energy who sold the first energy drinks in the US marketplace. Mr. Gibson served in various roles at South Beach Beverage Company (SoBe) prior to the sale of the brand to Pepsi Co. After the sale of SoBe to Pepsi Co., Mr. Gibson served as EVP of Sales at Fuze & Nos Beverage company. During his tenure, from 2001 to 2007, Fuze and Nos Energy brands were listed and sold to Coca Cola. After guiding Fuze & Nos Beverage company to a successful sale to the Coca Cola Company, from 2007 to 2010, Mr. Gibson assumed the role of Division VP and General Manager for the Still Beverage group, a newly formed organization within Coca Cola. In this role, Mr. Gibson's responsibilities included distributor, marketing and retailer relations. Additionally, he led the sales and field marketing teams to provide thought leadership, brand marketing and P&L responsibilities for a significant portfolio, within Coca Cola, exceeding US$1.5 Billion in revenue for the company. He managed a team of over 500 field managers and 112 distribution partners. Following the sale of his beverage businesses and his time at Coca Cola, Mr. Gibson joined Vintage Tech Recyclers in 2010, a private company founded by Karrie Gibson in 2005, and served as the Executive VP of Sales and Marketing and a member of Vintage Tech Recyclers' board of directors until 2015.

Karrie Gibson – COO and Director

Ms. Gibson is an award-winning entrepreneur with over fifteen years of experience as founder and CEO of Vintage Tech Recyclers, a private company. Vintage Tech Recyclers was an award-winning, certified woman-owned asset recovery and electronics recycling firm that services were offered nationwide. The company became the third largest electronic recycling company in the U.S. by the time Ms. Gibson sold the company in 2015. As CEO, from 2005 to 2015, she built and led a talented and dedicated team of over 300 employees, successfully wrote and won seven grants to fund the business, served as an advisor and lobbied for new e-scrap legislation in several states, created over 1,000 government hosted consumer collection sites, implemented a full service fleet, managed 1,000's of staged trailers, chosen by the Federal Environmental Protection Agency to host the launch of the new Sustainable Material Management Electronics Challenge at Vintage Tech Recyclers' HQ, recycled over 1B pounds of materials, and truly became an expert in the e-scrap recycling industry creating a positive impact for the team and the environment. Ms. Gibson previously served as Vice Chairman of the Board & Member of the Executive Committee- The BBB of Chicago, from 2010 to 2018, and served as a member of the board of Vintage Tech Recyclers, VTKK LLC, Illinois Recycling Association from 2019 to 2013, and The Habitat for Humanity of Illinois from 2010 to 2012.

Nick Cranny – Interim Chief Financial Officer

Mr. Cranny Mr. Cranny is an accomplished financial professional that joined Yerbaé in 2020. Mr. Cranny has an extensive amount of experience oversees a wide range of finance departments and functions, including Financial Reporting, Accounting, Budgeting, Financial Planning, Cost Analysis and much more. Prior to joining Yerbaé, Mr. Cranny, served in several roles at PepsiCo USA for which he bring depth from the CPG industry which included financial management of brands like Tropicana, Pepsi, Gatorade, and Quaker Oats and many more.

Renata Kubicek – Corporate Secretary

Ms. Kubicek is the current Corporate Secretary of Trillion Energy International Inc., a CSE listed oil and gas producing company with multiple assets throughout Turkey and Bulgaria. She has over 30 years' experience in the corporate and securities industry and has worked at several boutique law firms specializing in corporate securities. Ms. Kubicek has extensive knowledge and expertise in corporate governance continuous disclosure requirements and stock exchange compliance. She is the founder and principal of ArtemisWest Corporate Services Inc., a corporate services company based in Burnaby, British Columbia.

Carl Sweat – Director

Carl Sweat is an American entrepreneur and business leader with over 30 years' experience creating and growing brands spanning the food & beverage and medical device industries. In 2020, Mr. Sweat co-founded a medical device private company, ThermaMEDx LLC, where he serves as co-CEO with a team of doctors, researchers and industry veterans on a mission to provide an accessible and effective treatment to address Meibomian Gland Dysfunction, the primary cause for Dry Eye Disease among over 340 million adults. Mr. Sweat formerly served as Global CMO for HOA Restaurants, a private company, from 2015 to 2020, and also served as President and CEO at The FRS Company, a privately held California beverage and supplement company that produces healthy alternatives to traditional energy drinks. Prior to joining FRS, Mr. Sweat served as Senior VP of Global Beverage at Starbucks after 22 years with The Coca-Cola Company. His final position at Coca-Cola was President and General Manager of the acquired FUZE Beverage Company, from 2007 to 2009.

Rose Zanic – Director

Ms. Zanic has over 24 years' experience in the capital markets. She is self-employed as president of RCF Advisors Ltd., a private company that provides corporate finance consulting services to public and private companies. From January 1997 until July 2016, Ms. Zanic worked with Wolverton Securities Ltd. where she was Senior Vice President, Corporate Finance in charge of the firm's corporate finance and syndication department. She is currently a director or officer of several public and private companies. Ms. Zanic holds a Chartered Professional Accountant designation from the Chartered Professional Accountants of British Columbia in 1991. Since September 2016, Ms. Zanic has been a member of the TSXV's Vancouver Local Advisory Committee.

Andy Dratt – Director

Mr. Dratt is an experienced food industry executive and leader of commercial and technical teams, with a proven track record of building teams, designing go-to-market strategies, identifying and exploiting meaningful points of differentiation, and growing the businesses he's worked for. From 2010 to present, Andy has served as Chief Commercial Officer of Imbibe, a private industry-leading beverage development company in Chicago. For the last 2 years, Andy also serves as an Operating Partner for Shore Capital Partners, a Chicago-based private equity firm. He also sits on the board of directors for Old World Spice, and is the lead independent director for BevSource, both Shore Capital portfolio companies. Mr. Dratt has an MBA in management – earned in French – from Ecole Superieure de Commerce de Paris while working for Slim Fast in Paris, and has an undergraduate degree in Economics and Business French from the University of Illinois. Andy is a frequent speaker at food industry events, including Supply Side West, Research Chefs Association, Beverage Forum, and the Prepared Foods New Products Conference.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management, no director or executive officer as at the date hereof, is or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Yerbaé), that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, "order" means (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

To the knowledge of management, other than as disclosed herein, no director or executive officer of Yerbaé, or a shareholder holding a sufficient number of securities of Yerbaé to affect materially the control of the company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Yerbaé) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director, executive officer or shareholder holding a sufficient number of securities of Yerbaé to materially affect the control of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Yerbaé will be subject to in connection with the operations of Yerbaé. In particular, certain of the directors and officers of Yerbaé are involved in managerial or director positions with other companies whose operations may, from time to time, be in direct competition with those of Yerbaé or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Yerbaé.

In accordance with the applicable corporate and securities legislation, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with Yerbaé 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 are required to act honestly and in good faith with a view to the best interests of Yerbaé. Certain of the directors and each of the executive officers of Yerbaé have either other employment or other business or time restrictions placed on them and accordingly, these directors of Yerbaé will only be able to devote part of their time to the affairs of Yerbaé. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable corporate law.

AUDIT COMMITTEE

Audit Committee Charter

The full text of the Company's Audit Committee Charter is included as Schedule A to the AIF.

Audit Committee Composition

The following are the members of the Audit Committee as at the date hereof:

Audit Committee Members		
Karrie Gibson	Not Independent[(1)]	Financially Literate[(2)]
Roze Zanic	Independent[(1)]	Financially Literate[(2)]
Carl Sweat (Chair)	Independent[(1)]	Financially Literate[(2)]

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of the issuer, is considered to have a material relationship with the issuer.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

- experience with analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and

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

In addition to the above, see "*Directors and Officers – Management*" for more information on the qualifications and professional qualifications for each current Audit Committee member.

Audit Committee Oversight

At no time since the commencement of the Company's financial year ended December 31, 2022, was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 (*De Minimis Non-Audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Sections 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), 6.1.1(5) (*Events Outside Control of Member*) and 6.1.1(6) (*Death, Incapacity or Resignation*) provide exemptions from the requirement that a majority of the members of the Company's Audit Committee must not be executive officers, employees or control persons of the Company or of an Affiliate of the Company. Part 8 (*Exemptions*) permits a company to apply to a securities regulatory authority or regulator for an exemption from the requirements of NI 52-110 in whole or in part.

The Company has relied upon the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers from the requirement to comply with the restrictions on the composition of its audit committee.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees(1) ($)	Audit Related Fees(2) ($)	Tax Fees(3) ($)	All Other Fees(4) ($)
December 31, 2022	USD$54,900	Nil	US$600	Nil
September 30, 2021(5)	CAD$22,775	Nil	CAD$2,500	Nil

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of our financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "**Audit-Related Fees**" for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as audit fees. The services provided in this category include due diligence assistance, accounting consultations on proposed transactions, and consultation on International Financial Reporting Standards conversion.

(3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.

(4) "**All Other Fees**" includes all fees other than those reported as Audit Fees, Audit-Related Fees or Tax Fees.

(5) Representing the external auditor services fees payable by Kona Bay, the predecessor entity to Yerbaé prior to the closing of the Transaction, for the fiscal year ended September 30, 2021. In connection with the Closing, Yerbaé adopted the fiscal year end of Yerbaé USA, namely December 31st.

PROMOTERS

Todd Gibson, a resident of the United States and CEO of the Company, took the initiative in the primary organization of the Company and accordingly is one of the promoters of the Company. As at the date of this AIF, Mr. Gibson, beneficially owns, controls or directs, directly or indirectly, owns 8,487,396 Common Shares representing, on an undiluted basis, approximately 14.56% of the issued and outstanding Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Yerbaé is not, and has not been at any time within the most recently completed financial year, a party to any legal proceedings, nor is or was Yerbaé's property the subject of any legal proceedings, known or contemplated, that involves a claim for damages exclusive of interest and costs that met or exceeded 10% of the Company's current assets.

Further, there have not been any (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2022, (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, or (c) settlement agreements entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2022.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any shareholder holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed financial years or during the current financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Macias Gini & O'Connell LLP, Certified Public Accountants, located at Suite 2200 – 500 Capital Mall, Sacramento, California, USA, 95814.

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

MATERIAL CONTRACTS

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

1. the Equity Incentive Plan adopted by shareholders of the Company on December 21, 2022 and which became effective on February 8, 2023 in connection with the closing of the Transaction;

2. the Arrangement Agreement dated May 19, 2022 among Yerbaé USA, Kona Bay, Merger Sub, FinCo, Todd Gibson and Karrie Gibson;

3. Surplus Escrow Agreement dated February 8, 2023 among the Company, Odyssey Trust Company, and those certain securities holders of Yerbaé subject to the agreement. See "*Escrowed Securities*" for more information;

4. Value Escrow Agreement dated February 8, 2023 among the Company, Odyssey Trust Company, and those certain securities holders of Yerbaé subject to the agreement. See "*Escrowed Securities*" for more information.;

5. the Debenture indenture dated April 13, 2023, between the Company and Odyssey Trust Company. See "*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing*" for more information;

6. the amended and restated Warrant indenture dated April 13, 2023, as amended and restated May 5, 2023, between the Company and Odyssey Trust Company. See "*General Development of the Business of*

Yerbaé – Corporate History Post-Transaction – Convertible Debenture Financing” for more information; and

7. the credit facility agreement dated May 16, 2023, 2023 between Yerbaé LLC and Oxford Commercial Finance. See “*General Development of the Business of Yerbaé – Corporate History Post-Transaction – Other Corporate Updates*” for more information.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the Company’s most recently completed financial year other than Smyth LLP, the Company’s auditors.

Macias Gini & O’Connell LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of Yerbaé’s securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in Yerbaé’s information circular for the next annual meeting of shareholders that involves the election of directors and additional information as provided in Yerbaé’s comparative financial statements for its most recently completed financial year. Yerbaé will provide this information to any person, upon request made to Nick Cranny, the CFO of Yerbaé, at 18801 N. Thompson Peak Parkway, Suite D-380, Scottsdale, Arizona, USA, 85255. The documents will also be located on SEDAR+ at www.sedarplus.ca.

Additional financial information is provided in the Company’s comparative financial statements and management’s discussion and analysis for the period ended December 31, 2022, which are also available on SEDAR+.

SCHEDULE A

YERBAÉ BRANDS CORP.

AUDIT COMMITTEE CHARTER

[*See Attached*]