

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

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

The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold to, or for the account or benefit of, persons in the “United States” or “U.S. Persons” (as such terms are defined in Regulation S under the U.S. Securities Act) unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby to, or for the benefit of, persons in the United States or U.S. Persons. See “Plan of Distribution” for more information.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Yerbaé Brands Corp. at 18801 N. Thompson Peak Parkway, Suite D-380, Scottsdale, Arizona, USA, 85255, telephone +1 (480) 471-8391, and are also available electronically on the Canadian Securities Administrator’s SEDAR+ at www.sedarplus.ca.

PRELIMINARY SHORT FORM PROSPECTUS

NEW ISSUE

JANUARY 4, 2024



YERBAÉ BRANDS CORP. US\$1,505,202

Up to 1,103,814 Units Issuable upon Exercise of 1,003,468 Special Warrants

This preliminary short form prospectus (this “**Prospectus**”) qualifies the distribution of up to 1,103,814 units (collectively, the “**Units**”) of Yerbaé Brands Corp. (“**Yerbaé**” or the “**Company**”) issuable upon the automatic exercise of 1,003,468 special warrants (collectively, the “**Special Warrants**”) previously issued on December 7, 2023 (the “**Closing Date**”), at a price of US\$1.50 per Special Warrant (the “**Offering Price**”) to purchasers resident in each of the provinces of British Columbia, Alberta and Ontario (collectively, the “**Qualifying Jurisdictions**”), and outside of Canada on a brokered and non-brokered private placement basis pursuant to prospectus exemptions under applicable securities legislation (the “**Offering**”). Each Unit consists of one common share (each, a “**Common Share**”) in the capital of the Company and one Common Share purchase warrant (each, a “**Warrant**”), with each Warrant being exercisable at US\$1.75 for a period of 24 months following the Closing Date (the “**Expiry Date**”). The Special Warrants were issued pursuant to the terms of a special warrant indenture (the “**Special Warrant Indenture**”) dated the date of the Closing Date between the Company and Odyssey Trust Company, as special warrant agent thereunder (“**Odyssey**”) and, in respect of 353,470 Special Warrants issued in the Offering, an agency agreement dated the date of the Closing Date (the “**Agency Agreement**”) among Raymond James Ltd., Echelon Wealth Partners Inc., each as co-lead agents (the “**Co-Lead Agents**”) and joint bookrunners, Beacon Securities Limited, Roth Canada, Inc. (collectively, the “**Agents**”) and the Company. A total of 649,998 Special Warrants issued in the Offering, which have the same terms as the Special Warrants issued in connection with the Agency Agreement, were issued on a non-brokered private placement basis on the Closing Date. The Offering Price and other terms of the Offering were

determined by arm's length negotiation between the Company and the Co-Lead Agents, acting on behalf of the Agents. See "*Plan of Distribution*" for more information.

The Units will separate into Common Shares and Warrants immediately upon issue. Accordingly, this Prospectus qualifies the distribution of the Common Shares and the Warrants. See "*Plan of Distribution*" for more information.

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Units upon the automatic exercise of the Special Warrants.

The Company's Common Shares are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "YERB.U" and on the OTCQX® Best Market under the symbol "YERBF". On January 4, 2024, being the last complete trading day prior to the date hereof, the closing price of the Common Shares on the TSXV was US\$1.10.

	Price to the Public	Agents' Cash Commission ⁽²⁾⁽³⁾	Net Proceeds to the Company ⁽⁴⁾⁽⁵⁾
Per Special Warrant	US\$1.50	US\$0.015	US\$1.485
Total	US\$1,505,202⁽¹⁾	US\$15,055.43	US\$1,490,146.57

(1) Total gross proceeds of US\$530,205 were raised by the Agents by the issuance of 353,470 Special Warrants sold pursuant to the terms of the Agency Agreement. On the Closing Date, the Company raised an additional US\$974,997 by the issuance and sale of an additional 649,998 Special Warrants, on a non-brokered private placement basis, which have the same terms as the Special Warrants sold by the Agents pursuant to the Agency Agreement.

(2) Pursuant to the Agency Agreement, the Company paid the Agent a commission equal to 7.0% of the gross proceeds of the Offering, other than in respect of certain "president's list" purchasers on which only a commission equal to 3.5% was paid, by payment of cash in the amount of US\$15,055.43 (the "**Agent's Commission**") and the issuance of an aggregate of 14,706 Common Shares (each, a "**Compensation Share**") at a deemed price per Compensation Share of the Offering Price and an aggregate of 24,742 Common Share purchase warrants (each, a "**Compensation Warrant**") with each Compensation Warrant entitling the Agents to purchase an equal number of Common Shares (each, a "**Compensation Warrant Share**") at the Offering Price for a term of 36 months from the Closing Date. See "*Plan of Distribution*" for more information.

(3) The Company also paid to the Co-Lead Agent (on behalf of the Agents) a finder's fee equal to US\$50,749.86 (the "**Finder's Fee**") by the issuance of 16,916 Common Shares (each, a "**Finder's Share**") and 16,916 Common Share purchase warrants (each, a "**Finder's Warrant**"). Each of the Finder's Warrants is exercisable to acquire one Common Share (each, a "**Finder's Warrant Share**") at an exercise price equal to the Offering Price for a term of 36 months from the Closing Date. The Company also paid a total of US\$112,150.70 in expenses related to the Offering (inclusive of applicable taxes) to the Agents.

(4) Taking into account the Agent's Commission which has been paid out of the gross proceeds of the Offering, but before deducting the expenses of the Offering and the qualification for distribution of the Units (estimated to be US\$250,000), which has been or will be paid out of the gross proceeds of the Offering.

(5) The distribution of the Units upon automatic exercise of the Special Warrants will not result in any proceeds being received by the Company.

Each Special Warrant entitles its holder to receive, upon automatic exercise, one Unit, each comprised of one Common Share and one Warrant, subject to adjustment in certain circumstances, at no additional cost. Each Special Warrant shall be automatically exercised on behalf of, and without any required action on the part of the holder thereof, on the date (the "**Automatic Exercise Date**") that is the earlier of: (a) the date that is four months and a day following the Closing Date, and (b) the third business day after (i) a receipt is issued for a final short form prospectus by the securities regulatory authorities in each of the Qualifying Jurisdictions; or (ii) a receipt is issued for a final base shelf prospectus by the securities regulatory authorities in each of the Qualifying Jurisdictions and a prospectus supplement is filed in each of the Qualifying Jurisdictions, each qualifying the distribution of the Common Shares and Warrants underlying the Units by 5:00 p.m. (Toronto time) on January 31, 2024 (the "**Qualification Deadline**").

In the event that the Automatic Exercise Date does not occur by the Qualification Deadline, the holders of Special Warrants will be entitled to receive 1.1 Units upon automatic exercise of each Special Warrant without further payment on the part of the holder (the "**Penalty Provision**"). This Prospectus also qualifies the distribution of up to 100,346 Common Shares and 100,346 Warrants issuable pursuant to the Penalty Provision and all references herein

to the Units, Common Shares, Warrants and Warrant Shares shall be read to include, as the context requires, the securities issuable pursuant to the Penalty Provision. See “*Plan of Distribution*” for more information. The Warrants are issuable pursuant to a warrant indenture dated December 7, 2023 (the “**Warrant Indenture**”) between the Company and Odyssey, as warrant agent thereunder. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Common Share (each, a “**Warrant Share**”) at an exercise price of US\$1.75 per Warrant Share until the Expiry Date. See “*Description of Securities Being Distributed*” for more information.

The following table sets out the securities issuable to the Agents:

Agents’ Position	Maximum size or number of securities available for Offering	Exercise Period	Exercise Price
Compensation Shares	14,706	-	-
Compensation Warrants ⁽¹⁾	24,742 ⁽²⁾	December 7, 2026	US\$1.75 per Compensation Warrant Share
Finder’s Shares	16,916	-	-
Finder’s Warrants ⁽³⁾	16,916 ⁽⁴⁾	December 7, 2026	US\$1.75 per Finder’s Warrant Share

- (1) Each Compensation Warrant is exercisable to acquire one Compensation Warrant Share at the Offering Price for a term of 36 months from the Closing Date.
- (2) Represents Common Shares issuable upon exercise of the Compensation Warrants.
- (3) Each Finder’s Warrant is exercisable to acquire one Finder’s Warrant Share at an exercise price equal to the Offering Price for a term of 36 months from the Closing Date.
- (4) Represents Common Shares issuable upon exercise of the Finder’s Warrants.

Certain legal matters in connection with the Offering were reviewed on behalf of the Company by Clark Wilson LLP and on behalf of the Agents by Cassels Brock & Blackwell LLP.

An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “*Risk Factors*” and “*Cautionary Statement Regarding Forward Looking Information*” for more information. Investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

Except in respect of certain purchasers of Special Warrants who settled directly with the Company and received physical Special Warrant certificates, the Offering was conducted through the non-certificated inventory system maintained by CDS Clearing and Depository Services Inc. (“**CDS**”) and the Special Warrants issued pursuant to the Offering were registered and deposited with CDS on the Closing Date in electronic form. Except in respect of holders of Special Warrants holding physical certificates or as otherwise agreed to by a holder of Special Warrants and the Company, the Common Shares and Warrants to be issued upon automatic exercise of the Special Warrants and the Warrant Shares to be issued upon the due exercise of the Warrants will also be registered and deposited in the non-certificated inventory system of CDS and a purchaser of the Special Warrants will not receive a definitive certificate representing the Common Shares, Warrants or Warrant Shares.

The TSXV has approved the Offering, including the listing of the Common Shares underlying the Special Warrants, the Compensation Shares, the Compensation Warrant Shares underlying the Compensation Warrants, the Finder’s Shares and the Finder’s Warrant Shares underlying the Finder’s Warrants. See “*Plan of Distribution*” for more information.

There is no market through which the Special Warrants or Warrants may be sold and purchasers may not be able to resell the Special Warrants or Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the Warrants, and the extent of issuer regulation. An investment in the

securities of the Company is speculative and involves a significant degree of risk. See “*Risk Factors*” for more information.

Investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Agent have not authorized anyone to provide investors with information different from that contained or incorporated by reference in this Prospectus. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Special Warrants, the Common Shares and the Warrants, including any Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Special Warrants, the Common Shares and the Warrants.

The Company and each of Todd Gibson, an officer and director of the Company, Karrie Gibson, an officer and director of the Company, Nick Cranny, an officer of the Company, Carl Sweat, a director of the Company, and Andy Dratt, a director of the Company, reside outside of Canada. Accordingly, each of the Company, Messrs. Gibson, Cranny, Sweat and Dratt and Ms. Gibson have appointed Clark Wilson LLP, at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, as agent for service of process. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Company’s head office is located at 18801 N. Thompson Peak Parkway, Suite D-380, Scottsdale, Arizona, USA, 85255. The Company’s registered office is located at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

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DEFINITIONS

All capitalized terms not defined herein have the meanings ascribed to them in the Annual Information Form (as defined herein).

CURRENCY INFORMATION

All references to “\$”, “US\$”, “U.S. dollars” or “United States dollars” included in or incorporated by reference into this Prospectus refer to United States dollar values. All references to “\$”, “C\$” or “Canadian dollars” included or incorporated by reference into this Prospectus refer to Canadian dollar values.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING AND OTHER STATEMENTS

This Prospectus and the documents incorporated herein by reference contain certain statements that may constitute forward-looking information or forward-looking statements within the meaning of Canadian securities law requirements (collectively, “**forward-looking statements**”) that are based on current expectations, estimates, forecasts, projections, beliefs, and assumptions made by management of the Company about the industry in which it operates. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”, including negative and grammatical variations thereof) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

In particular, this Prospectus contains, or incorporated by reference, forward-looking statements relating to:

- the use of the net proceeds of this Offering and the use of the available funds following completion of this Offering;
- the Company’s expectations regarding its revenue, expenses and anticipated costs;
- the Company’s anticipated cash needs and its needs for additional financing;
- the Company’s intention to grow its business and operations;
- the Company’s expectations regarding industry trends, overall market growth rates and its growth rates and growth strategies;
- expectations regarding the Company’s growth rates and growth plans and strategies;
- the Company’s competitive position and the regulatory environment in which the Company operates;
- the Company’s business objectives for the next twelve months as well as the expected timing and completion thereof;
- the Company’s plans with respect to the payment of dividends;
- 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 ability to identify, attract, hire, train, motivate and retain personnel;
- the Company’s competitive position and its expectations regarding competition; and
- anticipated trends and challenges in the Company’s business and the markets in which it operates.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to (a) the continued operation of the Company’s business; (b) the Company’s ability to build its market share; (c) the performance of the Company’s business and operations; (d) the Company’s ability to maintain and expand geographic scope; (e) the Company’s ability to execute on its expansion plans; (f) criticism of energy drink products and/or the energy drink market; (g) 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; (h) 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; (i) the Company's relationships with existing customers; (j) 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; (k) the Company's maintenance of brand image or product quality; (l) the Company's retention of the full-time services of senior management; (m) the Company's ability to continue investing in its products to support the Company's growth; (n) the Company's ability to obtain and maintain existing financing on acceptable terms; (o) currency exchange and interest rates; (p) the impact of competition; (q) the changes and trends in the Company's industry or the global economy; (r) the size of the target markets for the Company's products; (s) the Company's ability to maintain, expand and protect its intellectual property; and (t) the changes in laws, rules, regulations, and global standards. Forward-looking statements speak only as of the date of this Prospectus. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward- looking statements. Given these risks, uncertainties and assumptions, purchasers of Special Warrants should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to several known and unknown risks, uncertainties, assumptions, and other factors, including those listed under "Risk Factors" in this Prospectus, including without limitation:

- the Company has discretion with respect to the use of net proceeds;
- there is no market for the Special Warrants and no market for the Warrants;
- the holders of Warrants have no rights with respect to the Warrant Shares underlying the Warrants before the Warrants are exercised;
- the holders of Common Shares will be diluted;
- the Common Shares may trade at a discount to their book value or intrinsic value; and
- the other risks listed in the section titled "Risk Factors" in the Annual Information Form that is incorporated by reference herein.

The above list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors" for more information.

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

ELIGIBILITY FOR INVESTMENT

In the opinion of Clark Wilson LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) in force as of the date hereof, the Common Shares and Warrants, to be acquired pursuant to the automatic exercise of the Special Warrants, and the Warrant Shares, issuable upon the exercise of the Warrants, if issued on the date hereof, would be “qualified investments” under the Tax Act for a trust governed by a “registered retirement savings plan”, “registered retirement income fund”, “registered education savings plan”, “registered disability savings plan”, “tax-free savings account”, “first home savings account” (collectively, “**Registered Plans**”) and a “deferred profit sharing plan” (“**DPSP**”), each as defined in the Tax Act, provided that at such time:

- (a) in the case of the Common Shares and the Warrant Shares, the Common Shares and the Warrants Shares, as applicable, are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) or the Company is otherwise a “public corporation” as defined in the Tax Act, and
- (b) in the case of the Warrants, the Warrant Shares are a qualified investment as described in (a) above and neither the Company, nor any person with whom the Company does not deal at arm’s length, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Registered Plan or DPSP.

Notwithstanding that a Common Share, Warrant, or Warrant Share may be a “qualified investment” for a Registered Plan, the holder or the subscriber of, or an annuitant under, a Registered Plan, as applicable (the “**Controlling Individual**”), will be subject to a penalty tax if such Common Share, Warrant or Warrant Share is a “prohibited investment” (as defined in the Tax Act) for the Registered Plan. The Common Shares, Warrants and Warrant Shares will generally not be a “prohibited investment” for a particular Registered Plan provided that the Controlling Individual deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Company. In addition, the Common Shares and Warrant Shares will generally not be a “prohibited investment” if such securities are “excluded property” (as defined in the Tax Act for purposes of these rules) for the particular Registered Plan.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular investor. Persons who intend to hold Common Shares, Warrants, or Warrant Shares in a Registered Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in Canada.

Copies of the documents incorporated herein by reference may be obtained upon request without charge from the Company at 18801 N. Thompson Peak Parkway, Suite D-380, Scottsdale, Arizona, USA, 85255, telephone +1 (480) 471-8391, and are also available electronically at www.sedarplus.ca. The filings of the Company through SEDAR+ are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents filed with the securities commission or similar regulatory authority in each of the provinces of British Columbia and Alberta are available at www.sedarplus.ca and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the management information circular for the annual general and special meeting of the Company of Kona Bay Technologies Inc. (“**Kona Bay**”) (now Yerbaé Brands Corp.) dated November 13, 2022 (the “**Information Circular**”), filed on November 15, 2022;

- the audited annual consolidated financial statements of Kona Bay (now Yerbaé Brands Corp.) for the years ended September 30, 2022 and 2021, the notes thereto and the independent auditor’s report thereon, filed on January 13, 2023 (the “**Kona Annual Financial Statements**”);
- the annual management’s discussion and analysis (the “**Annual MD&A**”) of Kona Bay (now Yerbaé Brands Corp.) for the year ended September 30, 2022, filed on January 13, 2023;
- the audited annual consolidated financial statements of Yerbaé Brands Co. (“**Yerbaé USA**”), the operating company of Yerbaé Brands Corp., for the years ended December 31, 2022 and 2021, the notes thereto and the independent auditor’s report thereon, filed on April 28, 2023 (the “**Yerbaé Annual Financial Statements**” and together with the Kona Bay Annual Financial Statements, the “**Annual Financial Statements**”);
- the Company’s unaudited condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2023, as amended, filed on December 21, 2023, together with the notes thereto (the “**Interim Financial Statements**”);
- the Company’s MD&A for the for the three and nine month periods ended September 30, 2023 (the “**Interim MD&A**”), filed on November 29, 2023;
- the Company’s Form 51-102F2 – *Annual Information Form* dated September 25, 2023 (the “**Annual Information Form**”), filed on September 25, 2023; and
- the Company’s material change reports dated:
 - February 17, 2023 with respect to the completion of the Company’s merger and business combination with Yerbaé USA, a Delaware incorporated naturally caffeinated, zero calorie, plant-based energy beverage company operating out of Scottsdale, Arizona (the “**Transaction**”) and, in connection therewith, the re-qualification for listing of the Common Shares on the facilities of the TSXV;
 - April 19, 2023 with respect to the closing of the Company’s first tranche (the “**First Debenture Tranche**”) of its brokered private placement offering of up to 3,000 unsecured convertible debenture units (collectively, the “**Debenture Units**”) at a price of US\$1,000 per Debenture Unit for aggregate gross proceeds of up to US\$3,000,000 (the “**Brokered Debenture Unit Offering**”), which First Debenture Tranche consisted of 1,650 Debenture Units for gross proceeds of US\$1,650,000;
 - May 17, 2023 with respect to Yerbaé LLC, a wholly-owned Delaware subsidiary of the Company, securing of an accounts receivable and inventory line of credit of US\$2,500,000 (the “**Debt Facility**”) from Oxford Commercial Finance, a Michigan banking Company;
 - June 2, 2023 with respect to the Company entering into certain consulting agreements with each of FORCE Family Office, Inc. (“**FORCE**”) and Monied Media Ltd. (“**Monied Media**”) for the provision of certain business development and corporate strategies services as well as the grant of restricted share units (each, a “**RSU**”) of the Company to certain members of Yerbaé’s advisory board;
 - July 5, 2023 with respect to the Company entering into a consulting agreement for certain investor relations services with Atrium Research Company as well as the termination of Yerbaé’s consulting arrangement with Native Ads, Inc. in February of 2023;
 - July 5, 2023 with respect to the resignation of William Finn as the Chief Financial Officer (“**CFO**”) of the Company and, in his place, the appointed Nick Cranny as the Interim CFO;

- August 22, 2023 with respect to the closing of the Company's first tranche (the "**Initial Celebrity Tranche**") of its non-brokered private placement (the "**Celebrity Financing**") of units (the "**Celebrity Units**"), which Initial Celebrity Tranche consisted of 2,219,629 Celebrity Units at a price of US\$1.83 per Celebrity Unit for aggregate gross proceeds of US\$4,061,921.07;
- September 8, 2023 with respect to the closing of the second tranche (the "**Second Celebrity Tranche**") of its Celebrity Financing, which Second Celebrity Tranche raised an additional US\$412,352 for aggregate proceeds together with the Initial Celebrity Tranche of US\$4,474,273;
- September 20, 2023 with respect to the grant of certain options (each, an "**Option**") to purchase Common Shares and the award of certain performance share units of the Company to certain consultants of the Company;
- September 26, 2023 with respect to the closing of the Company's second tranche (the "**Second Debenture Tranche**") of the Brokered Debenture Unit Offering, which Second Debenture Tranche consisted of 2,152 Debenture Units for gross proceeds of US\$2,152,000 and for aggregate gross proceeds, together with the closing of the First Debenture Tranche, of US\$3,802,000;
- November 2, 2023 with respect to the grant of Options of the Company to an employee of the Company;
- November 23, 2023 with respect to announcement of the Offering and pricing of the Offering;
- December 12, 2023 in respect of the completion of the Offering; and
- December 12, 2023 in respect of the repricing of an aggregate of 2,015,163 Warrants issued in a private placement completed on February 8, 2023.

Material change reports (other than confidential reports), business acquisition reports, annual financial statements, interim financial statements, the associated management's discussion and analysis of financial condition and results of operations and all other documents of the type referred to in section 11.1 of Form 44-101F1 – *Short Form Prospectus* of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion of the distribution of the Units, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

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

THE COMPANY

The Company is an innovative and health-focused beverage company that creates clean functional plant-based products promoting a healthy lifestyle. The Company was the first to mix plant-based ingredients and sparkling water with zero sugar, calories, and carbohydrates to produce an energy seltzer.

The Company 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. The Company's first beverage was launched in 2017 and in stores by the fall of 2017. The Company is engaged in the development, marketing, sale, and distribution of plant-based energy beverages.

The Company's 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. The Company's products complement a variety of healthy lifestyles and diets, such as non-GMO, Keto, Vegan, Kosher, Paleo, and gluten-free diets. As of January 4, 2024, the Company's products are sold and available on Amazon.com, www.yerbae.com and sold in over 14,000 retail locations in the United States.

Further information regarding the business of the Company or its operations can be found in the Information Circular and the other materials incorporated by reference herein. See "*Documents Incorporated by Reference*" for more information.

CONSOLIDATED CAPITALIZATION

[NTD: As an overall note to draft, all NTDs in the section have been removed as the various authorizing resolutions have been provided via email and or are contained in the shared dataroom. The control sheet of Yerbaé provided also attests to these figures. Please also note that the aggregate warrants outstanding at the closing of the transaction has been updated to reflect the 5,631,276 warrants issued to holders of Yerbaé warrants upon the conversion of the convertible promissory notes.]

Except as disclosed below, since September 30, 2023, there have been no material changes in our consolidated share or debt capital of the Company.

The Transaction

On February 8, 2023, the Company closed the Transaction (the "**Closing**"). Immediately prior to Closing, the Company (then Kona Bay Technologies Inc.) consolidated (the "**Consolidation**") its outstanding Common Shares on the basis of 5.8 pre-consolidation Common Shares for every one post-consolidation Common Share and, at Closing, changed its name from "Kona Bay Technologies Inc." to "Yerbaé Brands Corp.". In connection with the Closing, an aggregate of 54,493,953 Common Shares were issued and outstanding, of which: 4,969,092 Common Shares were held by the former shareholders of Kona Bay, 35,848,290 Common Shares were issued to the former security holders of Yerbaé USA, 8,000,000 performance-based Common Shares were issued to certain individuals, 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 post-Consolidation Common Shares were issued to former holders of the subscription receipts of 1362283 B.C. Ltd. ("**FinCo**"), a company incorporated under the *Business Corporations Act* (British Columbia) for the purposes of the Transaction, in connection with a non-brokered financing which closed concurrent to the closing of the Transaction. The Company also issued 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 507,662 Common Shares.

In addition, (i) the 1,087,752 options to purchase common stock of Yerbaé USA (each, a "**Yerbaé USA Share**") which were outstanding immediately prior to Closing were cancelled and the holders thereof were granted an aggregate of 1,087,752 post-Consolidation Options to purchase Common Shares; (ii) the 7,385,740 warrants to purchase Yerbaé USA Shares which were outstanding immediately prior to Closing were cancelled and the holders thereof

were granted an aggregate of post-Consolidation 7,385,740 replacement Common Share purchase warrants; and (iii) the 2,015,163 warrants to purchase common shares of FinCo (each, a “**FinCo Warrant**”) which were outstanding immediately prior to Closing were cancelled and the holders thereof were granted an aggregate of 2,015,163 post-Consolidation replacement Common Share purchase warrants. As consideration for facilitating the identification, negotiation and implementation of the Transaction, the Company also issued Roth Canada, ULC, an eligible arm’s length third party finder, 308,823 Common Share purchase warrants (each, a “**Roth Canada Warrant**”), with each Roth Canada Warrant exercisable into one Common Share at an exercise price of US\$1.37 until February 8, 2025.

At the time of Closing, Yerbaé had an aggregate of 54,493,953 Common Shares, 1,087,752 Options and 9,833,290 Common Share purchase warrants outstanding on a post-Consolidation basis.

Convertible Debenture Financing

On April 13, 2023, Yerbaé closed the First Debenture Tranche of its Brokered Debenture Unit Offering which consisted of 1,650 Debenture Units for gross proceeds of US\$1,650,000. On May 5, 2023, Yerbaé closed the Second Tranche 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 Debenture Tranche, of US\$3,802,000.

Each Debenture Unit consisted of: (i) one US\$1,000 principal amount unsecured convertible debenture (each, a “**Debenture**”); and (ii) 714 Common Share purchase warrants (each, an “**April 2023 Warrant**”). 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 April 2023 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 April 2023 Warrants by giving notice to the holders thereof by disseminating a news release advising of the acceleration) and, in such case, the April 2023 Warrants will be deemed to have expired on the day which is thirty (30) days after the date of such notice.

In connection with the Brokered Debenture Unit Offering, the Company issued an aggregate of as to 164,600 Common Share purchase warrants to eligible finders (each, an “**April 2023 Finder Warrant**”), comprised of 57,000 April 2023 Finder Warrants issued under the First Debenture Tranche and 107,600 April 2023 Finder Warrants issued under the Second Debenture Tranche. Each April 2023 Finder Warrant is exercisable into one Common Share at a price of US\$1.40 per Common Share for a period of twenty-four months from the date of closing of the respective tranche.

See Yerbaé’s April 19, 2023 and September 26, 2023 material change reports with respect to the closings of the First Debenture Tranche and Second Debenture Tranche of its Brokered Debenture Unit Offering for more information.

Celebrity Financing

On August 18, 2023, Yerbaé closed the initial tranche of the Celebrity Financing, which consisted of 2,219,629 Celebrity Units for aggregate gross proceeds of US\$4,061,921.07. On August 31, 2023, Yerbaé closed the second and final tranche of the Celebrity Financing, raising an additional US\$412,352 via the issuance of 225,329 Celebrity Units for aggregate gross proceeds together with the first tranche of US\$4,474,273.

Each Celebrity Unit consisted of one Common Share and one Common Share purchase warrant (each, a “**Celebrity Warrant**”), with each Celebrity Warrant entitling the holder thereof to acquire one 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.

Other Issuances

On February 27, 2023, Yerbaé issued 116,377 Common Shares upon the exercise of 116,377 Common Share purchase warrants.

On March 10, 2023, Yerbaé granted an aggregate of 1,460,395 Options, 808,041 RSUs and 783,693 performance share units (each, a “PSU”). Each Option, once vested, is exercisable into one Common Share at a price of US\$1.16 per Common Share for a period of 7 years. Each RSU represents the right to receive, once vested twelve (12) months from the date of grant, in accordance with corresponding the RSU award agreements, one Common Share. Each PSU represents the right to receive, once vested, in accordance with the correspondence PSU award agreements and achievement of the performance criteria, one Common Share. As of the date of this Prospectus, an aggregate of 97,826 of the PSUs have been cancelled in accordance with their terms.

On May 31, 2023, Yerbaé granted an aggregate of 135,714 RSUs, with each RSU representing the right to receive, once vested twelve (12) months from the date of grant, in accordance with corresponding the RSU award agreements, one Common Share. Yerbaé also granted 100,000 Options, with each Option exercisable into one Common Share at an exercise price of US\$1.55 per Common Share for a period of seven (7) years and all vested upon the date of grant.

On June 23, 2023, Yerbaé granted an aggregate of 13,587 Options to purchase Common Shares, with each Option, once vested, being exercisable into one Common Share at a price of US\$1.49 per Common Share for a period of 7 years.

On July 21, 2023, Yerbaé issued 11,363 Common Shares at a deemed price of US\$2.20 per Common Share to FORCE pursuant to the terms of a consulting agreement with FORCE.

On July 21, 2023, Yerbaé issued an aggregate of 421,052 Common Shares upon the exercise of 421,052 Common Share purchase warrants.

On August 4, 2023, Yerbaé issued 673,916 Common Shares upon the exercise of 673,916 Common Share purchase warrants.

On September 12, 2023, Yerbaé issued 142,800 Common Shares upon the conversion of outstanding Debentures and issued 2,888 Common Shares in connection with the conversion of accrued interest thereon.

On September 18, 2023, Yerbaé granted an aggregate of 175,000 Options and 248,756 PSUs. Each Option, once vested, is exercisable into one Common Share at a price of US\$2.01 per Common Share for a period of 7 years. Each PSU representing the right to receive, once vested, in accordance with the correspondence PSU award agreements and achievement of the performance criteria, one Common Share.

On September 20, 2023, Yerbaé issued 35,700 Common Shares upon the conversion of outstanding Debentures and issued 657 Common Shares in connection with the conversion of accrued interest thereon.

On September 27, 2023, Yerbaé issued 20,000 Common Shares upon the exercise of 20,000 Common Share purchase warrants.

On September 29, 2023, Yerbaé issued 39,270 Common Shares upon the conversion of outstanding Debentures and issued 808 Common Shares in connection with the conversion of accrued interest thereon.

On October 3, 2023, Yerbaé issued 67,830 Common Shares upon the conversion of outstanding Debentures and issued 1,421 Common Shares in connection with the conversion of accrued interest thereon.

On October 25, 2023, Yerbaé issued 73,180 Common Shares upon the conversion of outstanding Debentures and in connection with the conversion of accrued interest thereon.

On October 31, 2023, Yerbaé granted an aggregate of 11,905 Options to purchase Common Shares, with each Option, once vested, being exercisable into one Common Share at a price of US\$1.43 per Common Share for a period of 7 years.

On November 8, 2023, Yerbaé issued 17,850 Common Shares upon the conversion of outstanding Debentures and issued 496 Common Shares in connection with the conversion of accrued interest thereon.

On November 16, 2023, Yerbaé issued 159,496 Common Shares upon the exercise of 159,496 Common Share purchase warrants.

On November 24, 2023, Yerbaé issued 66,489 Common Shares at a deemed price of US\$1.88 per Common Share to FORCE pursuant to the terms of a consulting agreement with FORCE.

On December 29, 2023, Yerbaé granted, effective January 1, 2024, an aggregate of 531,250 Options, 1,666,665 RSUs and 1,002,775 PSUs. Each Option, once vested, is exercisable into one Common Share at a price of US\$0.96 per Common Share for a period of 7 years. Each RSU representing the right to receive, once vested twelve (12) months from the date of grant, in accordance with corresponding the RSU award agreements, one Common Share. Each PSU representing the right to receive, once vested, in accordance with the correspondence PSU award agreements and achievement of the performance criteria, one Common Share.

The Offering

On December 7, 2023, Yerbaé closed the Offering, a private placement offering of 1,003,468 Special Warrants priced at US\$1.50 per Special Warrant, for total gross aggregate proceeds of US\$1,505,202.

Each Special Warrant entitles its holder to receive, upon automatic exercise, one Unit, each comprised of one Common Share and one Warrant, subject to adjustment in certain circumstances, at no additional cost. Each Special Warrant shall be automatically exercised on behalf of, and without any required action on the part of the holder thereof, on the Automatic Exercise Date that is the earlier of: (a) the date that is four months and a day following the Closing Date, and (b) the third business day after (i) a receipt is issued for a final short form prospectus by the securities regulatory authorities in each of the Qualifying Jurisdictions; or (ii) a receipt is issued for a final base shelf prospectus by the securities regulatory authorities in each of the Qualifying Jurisdictions and a prospectus supplement is filed in each of the Qualifying Jurisdictions, each qualifying the distribution of the Common Shares and Warrants underlying the Units by the Qualification Deadline.

In the event that the Automatic Exercise Date does not occur by the Qualification Deadline, the holders of Special Warrants will be entitled to the rights under the Penalty Provisions and, in connection therewith, shall receive 1.1 Units upon automatic exercise of each Special Warrant without further payment on the part of the holder. Accordingly, up to 100,346 additional Common Shares and 100,346 additional Warrants will issuable pursuant to the Penalty Provision.

Current Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Company as of January 3, 2024, adjusted to give effect to the Consolidation and the Offering, which should be read in conjunction with the Annual Financial Statements and the Interim Financial Statements, and the respective related Annual MD&A and Interim MD&A, that are incorporated by reference in this Prospectus.

	As at January 3, 2024 before giving effect to the Offering ⁽¹⁾	As at January 3, 2024 after giving effect to the Offering ⁽¹⁾	As at January 3, 2024 after giving effect to the automatic exercise of the Special Warrants ⁽¹⁾	As at January 3, 2024 after giving effect to the automatic exercise of the Special Warrants and Penalty Provision ⁽¹⁾
Common Shares (Authorized: Unlimited)	58,822,126	58,822,126 ⁽²⁾	59,825,594	59,925,940
Warrants	13,759,948	14,805,074 ⁽³⁾	14,805,074 ⁽⁴⁾	14,905,420 ⁽⁵⁾
Options	2,983,794	2,983,794	2,983,794	2,983,794
RSUs	2,610,420	2,610,420	2,610,420	2,610,420
PSUs	1,937,398	1,937,398	1,937,398	1,937,398
Debentures	US\$3,277,000	US\$3,277,000	US\$3,277,000	US\$3,277,000

⁽¹⁾ Calculated on a post-Consolidation basis.

⁽²⁾ Includes 14,706 Compensation Shares and 16,916 Finder's Shares issued in the Offering.

⁽³⁾ Includes 1,003,468 Special Warrants, 24,742 Compensation Warrants and 16,916 Finder's Warrants issued in connection with the Offering.

⁽⁴⁾ Includes 24,742 Compensation Warrants and 16,916 Finder's Warrants issued in connection with the Offering as well as 1,003,468 Warrants issuable upon the conversion of the Special Warrants.

⁽⁵⁾ Includes 24,742 Compensation Warrants and 16,916 Finder's Warrants issued in connection with the Offering as well as 1,003,468 Warrants issuable upon the conversion of the Special Warrants and 100,346 additional Warrants will issuable pursuant to the Penalty Provision.

USE OF PROCEEDS

The Company received gross proceeds of US\$530,205 from the sale of Special Warrants by the Agents in the brokered private placement portion of the Offering. The net proceeds to the Company from the brokered private placement portion of the Offering by the Agents was approximately US\$402,998.88 after deducting the Agent's Commission and expenses in connection with the Offering, but not including the estimated expenses of the Company in connection with the qualification for distribution of the Units. In addition, the Company raised proceeds of US\$974,997 from the sale of Special Warrants in the non-brokered private placement portion of the Offering. The estimated expenses of the Company in connection with the qualification for distribution of the Units is US\$75,000, not including expenses incurred in connection with the Offering.

The Company plans to use the net proceeds from the Offering as well as its current working capital position for operational costs relating to its business, working capital and general corporate purposes as further set out below. As of the date of this Prospectus, none of the proceeds from the Offering have been spent by the Company.

Business Objectives and Milestones

The following table sets out Yerbaé's targeted business objectives and milestones, as well as the expected timeframe for, and cost of, achieving same with the next 12 months.

Timeframe	Business Objectives
0 to 12 months	Market Expansion (Distribution and Retail): Entering New Regions & Acquiring New Retailers
0 to 12 months	Sales and Marketing (to build brand awareness)
0 to 12 months	Innovation and Research and Development

In order to meet these business objectives, the Company will need to initiate or complete the following milestones within the timeframes noted in the table above:

- **Business Objective #1 – Market Expansion (Distribution and Retail)**

The Company plans to expand its distribution and retail footprint by increasing the number of retail locations, online sellers, and distributors. Yerbaé’s omni-channel distribution strategy has been the foundation for its success to date and provides a unique opportunity to accelerate growth with additional investment in both digital and traditional retail expansion. Additionally, the Company intends to acquire new customers by strategically sampling at retail locations, events, gyms, and other field marketing activities.

- **Business Objective #2 – Sales and Marketing**

The Company’s future growth and competitive position depends on the Company’s ability to develop and market its new and current products in line with consumer preferences. As part of its marketing strategy, the Company plans to continue to build brand awareness and undertake various promotions and activities to connect with the target audience. The Company believes the allocation of additional funding will allow the Company to accelerate the sales and marketing of its products.

- **Business Objective #3 – Innovation and Research and Development**

The Company plans to use the funds available to support its new product development activities.

The Company intends to use the available funds from the Offering in addition to its general working capital in order to achieve the business objectives and milestones set forth above based on budgets and consultations with the Board of Directors of the Company. There may, however, be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary in order for the Company to achieve its overall business objectives. Management has, and will continue to have, the discretion to modify the allocation of the Company’s available funds, including the net proceeds of the Offering, if necessary. Investors are cautioned that the actual amount the Company spends in connection with each of the intended uses of the proceeds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under “*Risk Factors*” below. See “*Risk Factors – Use of Proceeds*” for more information.

PLAN OF DISTRIBUTION

This Prospectus is being filed in each of the Qualifying Jurisdictions to qualify the distribution of up to 1,103,814 Units issuable upon the automatic exercise 1,003,468 Special Warrants issued pursuant to the Offering plus up to 100,346 additional Units issuable pursuant to the Penalty Provision.

On December 7, 2023, the Company completed the Offering of 1,003,468 Special Warrants pursuant to prospectus exemptions under applicable securities legislation in each of the Qualifying Jurisdictions (and in jurisdictions outside of Canada in compliance with laws applicable therein), on a private placement basis at the Offering Price per Special Warrant, which was determined by arm’s length negotiation between the Company and the Co-Lead Agents, acting on behalf of the Agents. The Special Warrants were issued pursuant to the terms of the Special Warrant Indenture.

Each Special Warrant entitles its holder to receive, upon automatic exercise, one Unit, subject to adjustment in certain circumstances, at no additional cost. Each Special Warrant shall be automatically exercised on behalf of, and without any required action on the part of the holder thereof, on the Automatic Exercise Date. Each Unit consists of one Common Share and one Warrant. The Warrants are issuable pursuant to the Warrant Indenture. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of US\$1.75 per Warrant Share until the Expiry Date.

The Company has agreed to use commercially reasonable efforts to (i) prepare and file either (a) a preliminary short form prospectus, or (b) a preliminary based shelf prospectus, qualifying the distribution of the Common Shares and the Warrants, with the securities regulatory authorities in the Qualifying Jurisdictions (the “**Securities Commissions**”) and obtain a preliminary receipt, (ii) satisfy all comments of the Securities Commissions after receipt of such comments, (iii) prepare and file with the Securities Commissions either (a) the final short form prospectus, or (b) the

final base shelf prospectus, as applicable, and obtain a final receipt, (iv) prepare and file with the Securities Commissions a prospectus supplement, if applicable, and (iv) list the Common Shares (including the Warrant Shares, the Compensation Shares, the Compensation Warrant Shares and the Finder's Warrant Shares) on the TSXV, all as soon as practicable following the Closing Date, and in any event prior to the Qualification Deadline.

In the event the Automatic Exercise Date does not occur on or before the Qualification Deadline Date, each outstanding Special Warrant shall thereafter be deemed automatically exercised and exchanged for 1.1 Units pursuant to the Penalty Provision. This Prospectus also qualifies the distribution of up to 100,346 Common Shares and 100,346 Warrants issuable pursuant to the Penalty Provision.

Pursuant to the Agency Agreement, the Company paid the Agents a commission equal to 7.0% of the gross proceeds of the Offering, other than in respect of certain "president's list" purchasers on which only a commission equal to 3.5% was paid, by payment of the Agent's Commission in the amount of US\$15,055.43 in cash and the issuance of an aggregate of 14,706 Compensation Shares at a deemed price per Compensation Share of the Offering Price and an aggregate of 24,742 Compensation Warrants with each Compensation Warrant entitling the Agents to purchase an equal number of Common Shares (each, a "**Compensation Warrant Share**") at the Offering Price for a term of 36 months from the Closing Date. See "*Plan of Distribution*" for more information.

Except in respect of certain purchasers of Special Warrants who settled directly with the Company and received physical Special Warrant certificates, the Offering was conducted through the non-certificated inventory system maintained by CDS and the Special Warrants issued pursuant to the Offering were registered and deposited with CDS on the Closing Date in electronic form. Except in respect of holders of Special Warrants holding physical certificates or as otherwise agreed to by a holder of Special Warrants and the Company, the Common Shares and Warrants to be issued upon automatic exercise of the Special Warrants and the Warrant Shares to be issued upon the exercise of the Warrants will also be registered and deposited in the non-certificated inventory system of CDS and a purchaser of the Special Warrants will not receive a definitive certificate representing the Common Shares, Warrants or Warrant Shares.

Pursuant to the Agency Agreement, the Company has agreed that it shall not directly or indirectly issue, sell, offer, grant any option or right in respect of any Common Shares or securities convertible or exchangeable into Common Shares (or agree to, or publicly announce any intention to do any of the foregoing) for a period of 120 days following the Closing Date, without the prior written consent of the Co-Lead Agents (on behalf of the Agents), acting reasonably, except: (i) pursuant to the Offering, as contemplated by the Agency Agreement; (ii) pursuant to the grant of awards in the normal course pursuant to the Company's equity incentive plan or issuance of securities pursuant to the exercise or conversion, as the case may be, of options or securities of the Company outstanding on the date hereof; (iii) pursuant to obligations in respect of existing agreements; (iv) or an issuance of options or securities in connection with a bona fide acquisition by the Company (other than a direct or indirect acquisition, whether by way of one or more transactions, of an entity all or substantially all of the assets of which are cash, marketable securities or financial in nature or an acquisition that is structured primarily to defeat the intent of this provision).

The Company has also caused its senior officers and directors to enter written lock-up agreements in favor of the Agents, agreeing not to, subject to certain customary exemptions, directly or indirectly, offer, sell, contract to sell, transfer, pledge, assign, or otherwise dispose of any securities of the Company or any securities convertible into or exchangeable for Common Shares, whether owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise, for a period of 120 days following the Closing Date, without the prior written consent of the Co-Lead Agents (on behalf of the Agents), such consent not to be unreasonably withheld, except that such directors and senior officers shall be permitted to sell securities in connection with the exercise of options or the grant of awards under the Company's equity incentive plan.

The Special Warrants issued under and governed by the Special Warrant Indenture were sold in the Qualifying Jurisdictions through the Agents, and by the Company in respect of the non-brokered portion of the Offering, pursuant to exemptions from applicable prospectus and registration requirements. Special Warrants were sold to,

or for the account or benefit of, persons in the United States and U.S. Persons through United States registered broker-dealer affiliates of the Agent to a limited number of “accredited investors”, as such term is defined in Rule 501(a) of Regulation D under the U.S. Securities Act (collectively, the “**U.S. Accredited Investors**”) and “qualified institutional buyers”, as such term is defined in Rule 144A under the U.S. Securities Act (collectively, the “**Qualified Institutional Buyers**”) pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. Special Warrants were also sold in jurisdictions outside of Canada and the United States pursuant to applicable securities law exemptions therein.

The Special Warrants, the Common Shares, the Warrants and the Warrant Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and the Special Warrants and the Warrants may not be exercised by or on behalf of a U.S. Person or a person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Common Shares, the Warrants and the Warrant Shares issued to, or for the account or benefit of, persons in the United States and U.S. Persons will be “restricted securities” (as such term is defined in Rule 144 under the U.S. Securities Act) and may bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

The Company has agreed, pursuant to the Agency Agreement, to indemnify and hold harmless the Agents and/or any of their respective affiliates, and their respective directors, officers, employees and agents against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Agent may have to make because of such liabilities.

The TSXV has approved the Offering, including the listing of the Common Shares underlying the Special Warrants, the Compensation Shares, the Compensation Warrant Shares underlying the Compensation Warrants, the Finder’s Shares and the Finder’s Warrant Shares underlying the Finder’s Warrants.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Description of Special Warrants

The Special Warrants are governed by the terms and conditions set forth in the Special Warrant Indenture. An aggregate of 1,003,468 Special Warrants are outstanding as of the date of this Prospectus. The material terms and conditions of the Special Warrants are summarized below:

- each of the Special Warrants entitles the holder thereof to acquire, for no additional consideration to the Company, one Unit for each Special Warrant, subject to adjustment as provided for in the Special Warrant Indenture;
- the Special Warrants will be automatically exercised into the Units, without any required action on the part of the holder thereof, on the Automatic Exercise Date that is the earlier of: (a) the date that is four months and a day following the Closing Date, and (b) the third business day after (i) a receipt is issued for a final short form prospectus by the securities regulatory authorities in each of the Qualifying Jurisdictions; or (ii) a receipt is issued for a final base shelf prospectus by the securities regulatory authorities in each of the Qualifying Jurisdictions and a prospectus supplement is filed in each of the Qualifying Jurisdictions, each qualifying the distribution of the Common Shares and Warrants underlying the Units by the Qualification Deadline;
- in the event the Automatic Exercise Date does not occur on or before the Qualification Deadline, each Special Warrant will be deemed exercised and will automatically be exchanged for 1.1 Units (in lieu of 1.0 Unit);
- the Special Warrant Indenture provides for and contains provisions designed to keep the holders of the Special Warrants unaffected by the possible occurrence of certain corporate events, including the amalgamation, merger or corporate reorganization of the Company;

- the holders of Special Warrants do not have any right or interest whatsoever as shareholders of the Company, including but not limited to any right to vote at, to receive notice of, or to attend, any meeting of shareholders or any other proceedings of the Company or any right to receive any dividend or other distribution;
- the rights of holders of Special Warrants may be modified by extraordinary resolution at a meeting of Special Warrant holders or by written resolution. The Special Warrant Indenture provides for meetings by holders of Special Warrants and the passing of resolutions and extraordinary resolutions at such meetings which are binding on all holders of Special Warrants, whether present at or absent from such meetings. Certain amendments to the Special Warrant Indenture may only be made by “extraordinary resolution”, which is defined in the Special Warrant Indenture as a resolution proposed at a meeting of Special Warrant holders duly convened for that purpose at which there are present in person or by proxy at least two (2) Special Warrant holders holding at least 25% of the aggregate number of the then outstanding Special Warrants passed by the affirmative votes of Special Warrant holders holding not less than 66⅔% of the aggregate number of the then outstanding Special Warrants represented at the meeting and voted on the poll upon such resolution or passed by written resolution by Special Warrant holders holding not less than 66⅔% of the aggregate number of the then outstanding Special Warrants;
- Odyssey and the Company, without the consent of the holders of Special Warrants, may be able to amend or supplement the Special Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Special Warrant Indenture or in any deed or indenture supplemental or ancillary to the Special Warrant Indenture, provided that, in the opinion of Odyssey, relying on the opinion of legal counsel, the rights of the holders of Special Warrants, as a group, are not prejudiced thereby; and
- the Company has agreed to provide to the holders of the Special Warrants a contractual right of rescission. See “*Statutory and Contractual Rights of Withdrawal and Rescission*” for more information.

The foregoing is a summary description of certain material provisions of the Special Warrant Indenture, it does not purport to be a comprehensive summary and is qualified in its entirety by reference to the more detailed provisions of the Special Warrant Indenture between the Company and Odyssey, as Special Warrant Agent, a copy of which may be obtained on request without charge from the Company at its registered office or electronically on SEDAR+ at www.sedarplus.ca.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, and at the date of this Prospectus, a total of 58,822,126 Common Shares are issued and outstanding.

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Each Common Share entitles the holder thereof to one vote per Common Share on each matter that such shareholder is entitled to vote on. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company’s board of directors at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

The Warrants will be governed by the terms and conditions of the Warrant Indenture. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the

attributes of the Warrants which was filed by the Company under its corporate profile on SEDAR+ following the closing of the Offering. A register of holders is maintained at the principal offices of Odyssey in Vancouver, British Columbia.

The Common Shares and the Warrants comprising the Units will separate upon issue. Each Warrant will entitle the holder to acquire, one Warrant Share at an exercise price of US\$1.75 until the Expiry Date, after which time the Warrants will be void and of no value.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (a) the issuance of Common Shares or securities exchangeable or exercisable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of any outstanding warrants or options of the Company outstanding prior to December 7, 2023);
- (b) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (c) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- (d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable or exercisable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange, exercise or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (e) the issuance or distribution to all or substantially all of the holders of Common Shares of (i) securities of any class, whether of the Company or any other entity (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a rights offering, (iii) evidences of its indebtedness, or (iv) any property or other assets.

The Warrant Indenture also provides for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or capital reorganization of the Company (other than as described in clauses (a) to (c) above), (b) consolidations, amalgamations, arrangements, mergers of the Company with or into another entity, or (c) any sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company has covenanted in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, not less than 14 days prior to such applicable record date or effective date, as the case may be, of such events.

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

The Warrant Indenture provides that, from time to time, Odyssey and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions in the Warrant Indenture, provided that, in the opinion of Odyssey, relying on the advice of legal counsel, the rights of Odyssey as Warrant agent and the rights of the registered holders of Warrants are in no way prejudiced thereby.

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

The Warrants and the Warrant Shares have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States. The Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, unless the holder: (i) (A) is a Qualified Institutional Buyer that first purchased Special Warrants on the date of original issuance of the Special Warrants by the Company, or (B) is a U.S. Accredited Investor that first purchased Special Warrants on the date of original issuance of the Special Warrants by the Company and that signs and delivers an exercise form in the form attached to the Warrant Indenture confirming that the representations, warranties and covenants of the holder set forth in the original subscription agreement with the Company continue to be true and correct; or (ii) delivers an opinion of counsel or other evidence reasonably satisfactory to the Company to the effect that the exercise of the Warrants and the issuance of the Warrant Shares are exempt from registration under the U.S. Securities Act and any applicable U.S. state securities laws. The Warrants issued to, or for the account or benefit of, persons in the United States and U.S. Persons upon exercise of the Special Warrants will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may be offered, sold, pledged or otherwise transferred only pursuant to an applicable exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws (and in compliance with the provisions of the Warrant Indenture and the terms of the original subscription agreement with the Company, if applicable).

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

PRIOR SALES

The following table sets forth the details regarding all issuances of post-Consolidation Common Shares, including issuances of securities convertible or exchangeable into post-Consolidation Common Shares, during the twelve-month period prior to the date of this Prospectus.

Issuance Date	Type of Securities	Price per Security	Number of Securities
January 1, 2024	Options ⁽¹⁾	US\$0.96	531,250
January 1, 2024	RSUs ⁽²⁾	-	1,666,665
January 1, 2024	PSUs ⁽³⁾	-	1,002,775
December 7, 2023	Compensation Shares ⁽⁴⁾	US\$1.50	14,706
December 7, 2023	Compensation Warrants ⁽⁴⁾	US\$1.50	24,742
December 7, 2023	Finder’s Shares ⁽⁴⁾	US\$1.50	16,916

Issuance Date	Type of Securities	Price per Security	Number of Securities
December 7, 2023	Finder's Warrants ⁽⁴⁾	-	16,916
December 7, 2023	Special Warrants ⁽⁴⁾	US\$1.50	1,003,468
November 24, 2023	Common Shares ⁽⁵⁾	US\$1.88	66,489
October 31, 2023	Options ⁽⁶⁾	US\$1.43	11,905
September 18, 2023	Options ⁽⁷⁾	US\$2.01	175,000
September 18, 2023	PSUs ⁽³⁾	-	248,756
August 18, 2023	Units ⁽⁸⁾	US\$1.83	225,329
August 31, 2023	Units ⁽⁸⁾	US\$1.83	2,219,629
July 21, 2023	Common Shares ⁽⁹⁾	US\$2.20	11,363
June 23, 2023	Options ⁽¹⁰⁾	US\$1.49	13,587
May 31, 2023	Options ⁽¹¹⁾	US\$1.55	100,000
May 31, 2023	RSUs ⁽²⁾	-	135,714
May 5, 2023	Warrants ⁽¹²⁾	US\$1.40	107,600
May 5, 2023	Debenture Units ⁽¹³⁾	US\$1,000	2,152
April 13, 2023	Warrants ⁽¹⁴⁾	US\$1.40	57,000
April 13, 2023	Debenture Units ⁽¹⁵⁾	US\$1,000	1,650
March 10, 2023	PSUs ⁽³⁾	-	783,693 ⁽¹⁶⁾
March 10, 2023	RSUs ⁽²⁾	-	808,041
March 10, 2023	Options ⁽¹⁷⁾	US\$1.16	1,460,395
February 8, 2023	Common Shares ⁽¹⁸⁾	US\$1.23	46,371,115
February 8, 2023	Options ⁽¹⁹⁾	See note 19.	1,087,752
February 8, 2023	Warrants ⁽²⁰⁾	-	9,709,726

(1) Each Option is exercisable into one Common Share at an exercise price of US\$0.96 per Common Share for a period of seven (7) years and vest as to (i) 25% on the date that is 15 months following the issuance date; (ii) 25% on the date that is 18 months following the issuance date; (iii) 25% on the date that is 21 months following the issuance date; and (iv) 25% on the date that is 24 months following the issuance date.

(2) Each RSU represents the right to receive, once vested twelve (12) months from the date of grant, in accordance with corresponding the RSU award agreements, one Common Share.

(3) Each PSU represents the right to receive, once vested twelve (12) months from the date of grant, in accordance with the correspondence PSU award agreements and achievement of the performance criteria, one Common Share.

(4) Issued pursuant to the Offering. See "*Consolidated Capitalization – The Offering*" and "*Plan of Distribution*" for more information.

(5) Common Shares issued pursuant to a consulting agreement with FORCE for services.

(6) Each Option is exercisable into one Common Share at an exercise price of US\$1.43 per Common Share for a period of seven (7) years and vest as to (i) 25% on the date that is 15 months following the issuance date; (ii) 25% on the date that is 18 months following the issuance date; (iii) 25% on the date that is 21 months following the issuance date; and (iv) 25% on the date that is 24 months following the issuance date.

(7) Each Option is exercisable into one Common Share at an exercise price of US\$2.01 per Common Share for a period of seven (7) years and vest 12 months following the date of grant.

(8) Each Unit consists of one Common Share and one Common Share purchase 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.

(9) Issued pursuant to a consulting agreement with FORCE for services.

(10) Each Option is exercisable into one Common Share at an exercise price of US\$1.49 per Common Share for a period of seven (7) years and vest as to (i) 25% on the date that is 15 months following the issuance date; (ii) 25% on the date that is 18 months following the issuance date; (iii) 25% on the date that is 21 months following the issuance date; and (iv) 25%

- on the date that is 24 months following the issuance date.
- (11) Each Option exercisable into one Common Share at an exercise price of US\$1.55 per Common Share for a period of seven (7) years and all vested upon the date of grant.
- (12) Issued in connection of the Second Debenture Tranche of the Brokered Debenture Unit Offering to certain eligible finders. Each Common Share purchase warrant is exercisable into one Common Share at a price of US\$1.40 per Common Share for a period of twenty-four months from the date of closing of the Second Debenture Tranche.
- (13) Issued in connection of the Second Debenture Tranche of the Brokered Debenture Unit Offering. Each Debenture Unit consists of: (i) one US\$1,000 principal amount Debenture; and (ii) 714 Common Share purchase warrants. The Debentures mature on the Maturity Date and bear interest at a rate of 6% per annum, payable on the earlier of the Maturity Date or the date of conversion of the Debentures.
- (14) Issued in connection of the First Debenture Tranche of the Brokered Debenture Unit Offering to certain eligible finders. Each Common Share purchase warrant is exercisable into one Common Share at a price of US\$1.40 per Common Share for a period of twenty-four months from the date of closing of the First Debenture Tranche.
- (15) Issued in connection of the First Debenture Tranche of the Brokered Debenture Unit Offering. Each Debenture Unit consists of: (i) one US\$1,000 principal amount Debenture; and (ii) 714 Common Share purchase warrant. The Debentures mature on the Maturity Date and bear interest at a rate of 6% per annum, payable on the earlier of the Maturity Date or the date of conversion of the Debentures.
- (16) As of the date of this Prospectus, an aggregate of 97,826 PSUs have been cancelled in accordance with their terms.
- (17) Each Option is exercisable into one Common Share at an exercise price of US\$1.16 per Common Share for a period of seven (7) years and vest as to (i) 25% on the date that is 15 months following the issuance date; (ii) 25% on the date that is 18 months following the issuance date; (iii) 25% on the date that is 21 months following the issuance date; and (iv) 25% on the date that is 24 months following the issuance date.
- (18) Issued in connection with the Transaction. At the time of Closing, an aggregate of 54,493,953 Common Shares were issued and outstanding, of which: 4,969,092 Common Shares were held by the former shareholders of Kona Bay, 35,848,290 Common Shares were issued to the former security holders of Yerbaé USA, 8,000,000 performance-based Common Shares were issued to certain individuals, 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 post-Consolidation Common Shares were issued to former holders of the subscription receipts of FinCo in connection with a non-brokered financing which closed concurrent to the closing of the Transaction. The Company also issued 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 507,662 Common Shares.
- (19) Issued in connection with the Transaction. In connection with the Closing, an aggregate of 1,087,752 options to purchase shares of common stock 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. Accordingly, 15,949 Options are exercisable at US\$0.627 per Common Share until August 16, 2026, 199,371 Options are exercisable at US\$0.627 per Common Share until January 1, 2027, 3,189 Options are exercisable at US\$0.627 per Common Share until August 7, 2027, 39,874 Options are exercisable at US\$0.627 per Common Share until January 22, 2028, 79,748 Options are exercisable at US\$0.627 per Common Share until June 20, 2028, 159,496 Options are exercisable at US\$0.627 per Common Share until July 10, 2028, 31,899 Options are exercisable at US\$0.627 per Common Share until January 1, 2029, 15,946 Options are exercisable at US\$0.652 per Common Share until January 1, 2029, 79,748 Options are exercisable at US\$0.627 per Common Share until August 1, 2029, 31,899 Options are exercisable at US\$0.627 per Common Share until October 31, 2029, 103,672 Options are exercisable at US\$0.627 per Common Share until January 1, 2030, 63,798 Options are exercisable at US\$0.627 per Common Share until March 1, 2030, 79,748 Options are exercisable at US\$0.953 per Common Share until March 25, 2030, 31,898 Options are exercisable at US\$0.953 per Common Share until October 11, 2031, 15,949 Options are exercisable at US\$0.953 per Common Share until October 25, 2031, 15,949 Options are exercisable at US\$0.953 per Common Share until January 6, 2031, 15,949 Options are exercisable at US\$0.953 per Common Share until January 24, 2032, 31,898 Options are exercisable at US\$0.953 per Common Share until February 28, 2032, 15,949 Options are exercisable at US\$0.953 per Common Share until April 11, 2032, 15,949 Options are exercisable at US\$0.953 per Common Share until June 6, 2032, and 39,874 Options are exercisable at US\$0.953 per Common Share until June 20, 2032.
- (20) Issued in connection with the Transaction. In connection with the Closing, an aggregate of 7,385,740 warrants to purchase Yerbaé USA Shares which were outstanding immediately prior to Closing were cancelled and the holders thereof were granted an aggregate of 7,385,740 replacement Common Share purchase warrants, with each warrant exercisable into one Common Share at an exercise price of US0.95 until August 8, 2023, 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 Common Share purchase warrants, with each warrant exercisable into one Common Share at an exercise price of US1.50 until August 8, 2024. The Company also issued 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 308,823 Roth Canada Warrants, with each Roth Canada Warrant exercisable into one Common Share at an exercise price of US1.37 until February 8, 2025.

TRADING PRICE AND VOLUME

The Common Shares commenced trading on the TSXV on February 13, 2023 under the symbol “YERB.U”. On January 4, 2024, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was US\$1.10. The following table sets out the high and low trading price, and volume of trading on a monthly basis, of the Common Shares on the TSXV from January 1, 2024 to January 3, 2024 (Source: TMX Data):

*For January, 2023 the stock was halted and reinstated for trading on February 13, 2023.

Month	High (US\$)	Low (US\$)	Volume
January 1 – January 4, 2024	1.17	1.06	23,985
December 1 – December 31, 2023	1.29	0.97	252,818
November 1 – November 30, 2023	2.00	1.21	941,073
October 1 - October 31, 2023	2.04	1.59	742,097
September 1 – September 30, 2023	2.06	1.52	753,475
August 1- August 31, 2023	2.6	1.61	372,079
July 1 – July 30, 2023	2.35	1.65	374,537
June 1- June 30, 2023	1.81	1.50	279,979
May 1- May 31, 2023	1.7	1.35	312,872
April 1 – April 30, 2023	1.7	1.32	243,233
March 1 – March 31, 2023	1.68	1.30	335,243
February 13 – February 28, 2023	2.00	1.25	359,691
January 1 – January 31, 2023	No trades*	No trades*	No trades*

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company’s business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled “*Risk Factors*” in the Annual Information Form, which is incorporated by reference in this Prospectus and which may be accessed on the Company’s SEDAR+ profile at www.sedarplus.ca, and the information contained in the section entitled “*Cautionary Statement Regarding Forward-Looking Information*”. Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company’s business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

RISKS RELATED TO THE OFFERING

Return on Investment is not Guaranteed

There is no guarantee that an investment in the securities described herein will provide any positive return in the short term or long term. An investment in the securities of the Company is speculative and involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company described herein is appropriate only for holders who have the capacity to absorb a loss of some or all of their investment.

Use of Proceeds

The Company intends to use the net proceeds from the Offering as described under “*Use of Proceeds*”. However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from that described under “*Use of Proceeds*” if it believes that it would be in the best interests of the Company to do so or if circumstances change. Management may spend a portion or all of the net proceeds from the Offering in ways that shareholders of the Company may not desire or that may not yield a significant return or any return at all. Purchasers may not agree with the manner in which management chooses to allocate and spend the use of proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

Until utilized, the net proceeds of the Offering will be held in cash balances in the Company’s bank account or invested at the discretion of the Company’s board of directors. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company’s business, prospects, financial condition and results of operations may suffer, which could have a material and adverse effect on the trading price of the Common Shares and the Warrants in the market.

Dilution

Upon the automatic exercise of the Special Warrants, shareholders of the Company will suffer immediate dilution. The Company may issue additional securities in the future, which may dilute a shareholder’s holdings in the Company. The Company’s articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company’s equity incentive stock option plan and upon the exercise of outstanding warrants, including the Warrants, Compensation Warrants and Finder’s Warrants.

Market Price of Common Shares

The trading prices of TSXV-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Common Shares is also likely to be significantly affected by changes from time to time in the Company’s operating results, financial condition, liquidity and other internal factors. If a holder of Common Shares sells its Common Shares, the price received may be more or less than the original investment. The Common Shares may trade at a discount from their book value or at a price that is less than the Offering Price.

No Market for the Warrants

There is no market through which the Warrants may be sold and none is anticipated. Accordingly, the purchasers may not be able to resell the Warrants qualified under this Prospectus. This may affect the pricing of the Warrants in any secondary market, the transparency and availability of any trading prices, the liquidity of the Warrants, and

the extent of any issuer regulation. Moreover, following the issuance of the Warrants upon the automatic exercise of the Special Warrants, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price. There can be no assurance that the market price of the Common Shares will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise the Warrants.

Holders of Special Warrants and Warrants have no Rights as a Shareholder

Until a holder of Special Warrants or Warrants acquires Common Shares and Warrant Shares, respectively, upon the due exercise of Special Warrants or Warrants, such holder will have no rights with respect to the Common Shares or Warrant Shares underlying such Special Warrants or Warrants, respectively. Upon due exercise of such Special Warrants or Warrants, such holder will be entitled to exercise the rights of a holder of Common Shares only as to matters for which the record date occurs after the exercise date.

History of Negative Cash Flows

The Company has a history of negative cash flow from operating activities. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of the net proceeds from the sale of the Special Warrants to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available when need or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all.

AUDITORS, TRANSFER AGENT, REGISTRAR, SPECIAL WARRANT AGENT AND WARRANT AGENT

The auditors of the Company are Davidson & Company LLP, Chartered Professional Accountants, of Suite 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H4.

The transfer agent and registrar of the Company is Odyssey Trust Company, Suite 323 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Special Warrant Agent and Warrant Agent is also Odyssey Trust Company, Suite 323 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by Clark Wilson LLP, on behalf of the Company, and by Cassels Brock & Blackwell LLP on behalf of the Agents.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement report or valuation in this Prospectus either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

- Clark Wilson LLP, the Company's legal counsel;
- Cassels Brock & Blackwell LLP, the Agents' legal counsel; and
- Charlton & Company, Chartered Professional Accountants, the former independent auditors of Kona Bay (the Company prior to the closing of the Transaction), who prepared an independent report dated January 13, 2023 in respect of the Kona Bay Annual Financial Statements incorporated by reference into this Prospectus.

- Sikich LLP, Certified Public Accountants and Advisors, the former independent auditors of Yerbaé USA, who prepared an independent report dated May 9, 2022 in respect of the Yerbaé Annual Financial Statements incorporated by reference into this Prospectus.

Interests of Experts

As of the date hereof, the “designated professionals” (as such term is defined in Form 51-102F2 – *Annual Information Form*) (“**Form 51-102F2**”) of Clark Wilson LLP beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares and hold no other securities of the Company.

As at the date hereof, the “designated professionals” (as such term is defined in Form 51-102F2 of Cassels Brock and Blackwell LLP beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares and hold no other securities of the Company.

Charlton & Company has confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia and any applicable legislation or regulations. Sikich LLP, Certified Public Accountants and Advisors, the auditors of Yerbaé, are independent of Yerbaé in accordance with the Code of Professional Conduct for Members of American Institute of Certified Public Accountants.

None of the aforementioned persons nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some provinces, revisions of the price or damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this short form prospectus is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of this right of action for damages or consult with a legal adviser.

Pursuant to the terms of the Special Warrant Indenture and the subscription agreements between the Company and the purchasers of Special Warrants, the Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires Units on the exercise or deemed exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this prospectus or an amendment to this prospectus containing a misrepresentation, (a) the holder is entitled to rescission of both the holder’s exercise or deemed exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired, (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Agent or Company, as the case may be, on the acquisition of the Special Warrant, and (c) if the holder is

a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

The contractual rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser of Special Warrants may have at law.

ENFORCEMENT OF JUDGEMENTS AGAINST FOREIGN PERSONS

The Company and each of Todd Gibson, an officer and director of the Company, Karrie Gibson, an officer and director of the Company, Nick Cranny, an officer of the Company, Carl Sweat, a director of the Company, and Andy Dratt, a director of the Company, reside outside of Canada. Accordingly, each of the Company, Messrs. Gibson, Cranny, Sweat and Dratt and Ms. Gibson have appointed Clark Wilson LLP, at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

CERTIFICATE OF YERBAÉ BRANDS CORP.

DATED: January 4, 2024

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

"Todd Gibson"

Todd Gibson
Chief Executive Officer

"Nick Cranny"

Nick Cranny
Interim Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Carl Sweat"

Carl Sweat
Director

"Rose Zanic"

Rose Zanic
Director

CERTIFICATE OF THE PROMOTER

DATED: January 4, 2024

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

"Todd Gibson"

Todd Gibson
Chief Executive Officer

CERTIFICATE OF THE AGENT

DATED: January 4, 2024

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

RAYMOND JAMES LTD.

Per: "Jason Robertson"
Name: Jason Robertson
Title: Managing Director

ECHELON WEALTH PARTNERS INC.

Per: "Beng Lai"
Name: Beng Lai
Title: Managing Director

BEACON SECURITIES LIMITED

Per: "Justin Gilman"
Name: Justin Gilman
Title: Managing Director

ROTH CANADA, INC.

Per: "Brady Fletcher"
Name: Brady Fletcher
Title: President & Head of Investment Banking