

PERSEPHONE BREWING COMPANY INC.  
START-UP CROWDFUNDING OFFERING DOCUMENT

Item 1: RISKS OF INVESTING

No securities regulatory authority or regulator has assessed, reviewed or approved the merits of these securities or reviewed this offering document. Any representation to the contrary is an offence. This is a risky investment.

Item 2: THE ISSUER

2.1 Issuer Information

PERSEPHONE BREWING COMPANY INC. (The “Company” or “Persephone” or “PBC”)  
1053 Stewart Road, Gibsons, BC, VON 1V7  
778-462-3007  
[www.persephonebrewing.com](http://www.persephonebrewing.com)

2.2 Contact Person Information

Brian Smith  
CEO/Owner  
1053 Stewart Road, Gibsons, BC, VON 1V7  
778-462-3007  
[brian@thebeerfarm.ca](mailto:brian@thebeerfarm.ca)

Item 3: BUSINESS OVERVIEW

3.1 Business Description of the Company

Persephone is a craft beer brewery and hop farm based in Gibsons, BC.

A more detailed description of the issuer’s business is provided below.

Item 4: MANAGEMENT

4.1 Promoters, Directors, Officers and Control Persons of the Company

The following table provides information for each promoter, director, officer and control person of Persephone:

Full legal name, municipality of residence and position at Persephone	Principal occupation for the last five years	Expertise, education and experience that is relevant to Persephone's business	Number and type of Persephone securities owned	Date securities were and acquired and price paid for securities	Percentage of Persephone securities held as of the date of this offering
Brian Smith Gibsons, B.C. CEO – Founder	CEO, Persephone, since 2013.  Executive Director, Community Futures Sunshine Coast, since 2011.	CEO of Persephone since inception. Persephone is a going concern.	710,000	Jan 14, 2013 Allotted from Treasury.	31.77%
Mark Brand, Vancouver, B.C. Business Development	Business Development at Persephone.  Owns or partners in five restaurants, lounges and pubs in the Gastown area of Vancouver.	20 years of experience in the restaurant and beer industry.	650,000 common shares	Jan 14, 2013 Allotted from Treasury.	29.22%

## 4.2 Penalties, Sanctions and Bankruptcy

No individual listed in item 4.1, or the issuer, as the case may be:

- (a) has ever, pled guilty to or been found guilty of:
  - (i) a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) of Canada,
  - (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
  - (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
  - (iv) an offence under the criminal legislation of any other foreign jurisdiction,
- (b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a

foreign jurisdiction in the last ten years related to his or her involvement in any type of business, securities, insurance or banking activity,

- (c) is or has been the subject of a bankruptcy or insolvency proceeding,
- (d) is a director or executive officer of an issuer that is or has been subject to a proceeding described in paragraphs (a), (b) or (c) above.
  - ***(b) Mr. Mark Brand, partner and head of business development, is currently, and has previously been involved with civil lawsuits pertaining to other business ventures within the food and beverage industry. These occurrences are not related to Persephone's past, current or future operations.***

## Item 5: START-UP CROWDFUNDING DISTRIBUTION

### 5.1 Name of Funding Portal

Persephone is using FrontFundr, run by Silver Maple Ventures Inc., to conduct this start-up crowdfunding distribution ("FrontFundr").

### 5.2 Participating jurisdictions where this offering is available

Persephone intends to raise funds in British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, and Nova Scotia and make this offering document available in British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, and Nova Scotia.

### 5.3 Offering Period

90 days after the date this offering document is made available on the funding portal is the date before which the issuer must have raised the minimum-offering amount for the closing of the distribution.

### 5.4 Securities Offered

The securities of Persephone being offered are Class A, Voting common shares. Purchasers under this offer must be party to a Voting Trust Agreement

### 5.5 Rights attached to the Securities Offered

The eligible securities offered provide the following rights (choose all that apply):

- ✓ Voting rights,

- ✓ Dividends or interests (describe any right to receive dividends or interest),
- ✓ Rights on dissolution,
- ✓ Rights of first offer,
- ☐ Conversion rights (describe what each security is convertible into),
- ☐ Other (describe the rights).

## 5.6 Material restrictions or conditions attached to the Securities

### PROHIBITIONS

No interest of a Shareholder shall be sold, transferred, assigned, pledged, hypothecated or encumbered by a Shareholder without the two-thirds consent of the Shareholders, except in accordance with the terms of the Shareholder Agreement.

### OFFER TO PURCHASE

Shareholders must make an offer in writing to all voting Shareholders if the shareholder desires to sell, transfer, assign or otherwise dispose of any of his or her other Shares in the Company

### PRE-EMPTIVE RIGHT REGARDING ADDITIONAL SECURITIES AND DEBT

- a) No shares of the Company shall be issued subsequent to the date of this Agreement without the written consent of two-thirds of the voting Shareholders.
- b) No Shareholder unless otherwise agreed to by such Shareholder shall be obliged to enter into any agreement of guarantee with respect to the Company's indebtedness.

## 5.7 Offering Amount and Price per Security

	Total Amount (\$)	Total number of eligible securities issuable
Minimum offering amount	\$50,000	$\$50,000 / \$1.90 = 26315.8$ shares
Maximum offering amount	\$250,000 Class A shares crowd-sourced w/ Frontfundr (610,000 Class As, total, all exemptions)	$\$250,000 / \$1.90 = 131578.9$ shares
Price per eligible security	\$1.90/share (Class A)	

## 5.8 Minimum Investment amount per purchaser

The Minimum Investment Amount per purchaser is \$250.00.

## Item 6: ISSUER'S BUSINESS

### 6.1 Business of the Company

Persephone brews a line of craft beers and integrates onsite farming for some of the utilized ingredients. Persephone is an on going concern with presence throughout BC and Alberta.

The primary sales include: on-farm sales; on-premise (i.e. draught beer) sales and off-premise (i.e. retail/packaged product) sales.

### 6.2 Legal Structure of the Company

The Company was incorporated on December 21, 2012 as BC0958407 in the province of British Columbia and changed its name to Beachcomber Brewing Company on Jan 14, 2013 and to Persephone Brewing Company on June 27, 2013.

### 6.3 Availability of corporate documents

The Company's articles of incorporation and shareholders' agreement are available to purchasers.

### 6.4 Operations of the Company

Persephone is a going concern with established presence and sales throughout BC and Alberta.

### 6.5 Financial Statements

Financial Statements, as prepared by the Company, shall be distributed to voting Shareholders once per year or as otherwise directed by the Board of Directors.

If you receive financial statements from an issuer conducting a start-up crowdfunding distribution, you should know that those financial statements have not been provided to or reviewed by a securities regulatory authority or regulator. They are not part of this offering document. You should ask the issuer which accounting standards were used to prepare the financial statements and whether the financial statements have been audited. You should also consider seeking advice of an accountant or an independent financial adviser about the information in the financial statements.

## Item 7: USE OF FUNDS

### 7.1 Funds Previously Raised

Persephone has previously raised approximately \$1.3M since inception. The following table provides approximate totals and is for reference only.

Use of funds previously raised	Approx total: 1,300,000.00
Equipment and Production	800,000.00 (62%)
Land, Buildings, Infrastructure	400,000.00 (31)%
Admin and Operations	100,000.00 (7%)
Total:	1,300,000.00

### 7.2 Use of Funds of this Offering

Description of intended use of funds listed in order or priority	Total amount (\$)	
	Assuming minimum offering amount \$ 50,000	Assuming maximum offering amount \$ 250,000
Equipment and Upgrades	40,000	\$200,000
Sales and Marketing HR and Campaign	7,000	35,000
Admin Systems Upgrades	3,000	15,000
Total – Available Funds	50,000	\$250,000

## Item 8: PREVIOUS START-UP CROWDFUNDING DISTRIBUTIONS

Neither the issuer or any one of its promoters, directors, officers or control persons have previously been involved in start-up equity crowdfunding distributions in British Columbia during the past five years.

## Item 9: COMPENSATION PAID TO FUNDING PORTAL

The Start-up crowd-funding portal will retain an 8% commission upon the completion of a successful capital raise.

## Item 10: RISK FACTORS

### 10.1 Investment Risks

The purchase of Common Shares involves a high degree of risk. The following is a summary of only the material risk factors that may face the Issuer. However, additional risks that the Issuer does not currently know about or that it currently believes to be immaterial may also impair our business operations. If any of the following risks actually occurs, our business, results of operations and financial condition could be materially adversely affected. In addition to the factors set forth elsewhere in this Offering Document, prospective purchasers should consider the following:

### 10.2 Our Securities are Speculative

The purchase of Common Shares is highly speculative. You should buy them only if you are able to bear the risk of the entire loss of your investment and have no need for immediate liquidity in your investment. An investment in the Common Shares should not constitute a major portion of your portfolio. You should consult your own independent advisors as to the tax, business and legal considerations regarding an investment in our securities. Because there is no market for our securities you may not be able to sell your securities. The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell your securities and recover any part of your investment. In addition to restrictions on securities provided for under securities laws, the Shares are subject to additional restrictions on resale as set out in the Shareholders' Agreement.

### 10.3 Value of Securities of the Company

We determined the price of the Common Shares thoughtfully, yet without an accredited valuation.

### 10.4 The Issuer has a limited Operating History

The Issuer is still in a developmental stage, being only three years old. PBC has a strong history of sales, for the past three years. There is reasonable assurance that the Issuer will be able to maintain and increase sales and earnings.

#### 10.5 Marketability of the Shares and Exit Strategy

There is currently no formal market for the Common Shares, nor is it expected that one will develop. The Common Shares will be sold pursuant to exemptions from applicable securities laws and any disposition of Common Shares will require compliance with such laws, including resale restrictions. Consequently, it is possible that Shareholders of Common Shares may have difficulty in liquidating their investment and that Shares may not be readily acceptable as collateral for loans.

#### 10.6 Tax Matters

The return on a Shareholder's investment in his/her Common Shares is subject to changes in Canadian Federal and Provincial tax laws, as well as any other tax laws applicable to the Shareholder. There can be no assurance that the tax laws will not be changed in a manner which will fundamentally alter the tax consequences to investors of holding or disposing of Common Shares. No advance income tax ruling has been applied for or received with respect to the income tax consequences set out in this Crowd Funding Offering Document.

Shareholder's investment, as related to this Crowd Funding Offering Document, are not eligible for the BC Provincial Venture Capital Tax Credit.

#### 10.7 No Representation

The Issuer has not retained any independent professionals to review or comment on this Offering or otherwise protect the interests of the Subscribers. Although the Issuer has retained its own counsel, neither such firm nor any other firm has made, on behalf of the Purchaser, any independent examination of any factual matters represented by management herein, and purchasers of Shares offered hereby should not rely on the firm so retained with respect to any matters herein described.

#### 10.8 Issuer Risks

##### Dilution

Purchasers in this Offering may incur immediate and substantial dilution in the net tangible book value of their investment as a result of this Offering.



## 10.9 Operations

The Issuer is in the development phase of its operations. An investor must assess the impact of the limited business history of the Issuer. Investors in the Issuer will be required to rely upon the Issuer in its ability to develop the product, the selection of the geographical territories to be developed, the management and operation of the Issuer's proposed marketing to key partners, strategic alliances and end users and the general administration of its business.

The Issuer will rely, to a significant extent, on the expertise of its officers, employees and consultants. In addition, the overall performance of the business of the Issuer will be improved substantially upon the success of the sale of its Common Shares.

The Issuer is producing income and the Issuer may not fully execute its business plan, for any number of reasons, including (without limitation) lack of sufficient funding, lack of sufficient market acceptance, inability to develop or obtain contracts or relationships with key partners, strategic alliances or end users, execution risk, competition and all of the difficulties and challenges associated with being a new business.

The Issuer may incur net losses because the Issuer is expending substantial resources on:

- (i) production capacity;
- (ii) portfolio development;
- (iii) brand development;
- (iv) general and administration; and
- (v) sales and marketing.

The Issuer cannot be certain that its business strategy or model will be successful or that revenues or profitability will be achieved. Even if profitability can be achieved, the Issuer cannot be certain that it can be consistently sustained or increased in the future.

## 10.10 Business Risks and Barriers to Entry

The Issuer cannot be certain that its business strategy or model will not be subject to current or future competition offering a similar product and service or that other competitors may gain a first mover advantage over the Issuer.

The Issuer cannot assure that there will be sufficient industry demand for the Issuer's products from its Customers in each market that we choose to enter. Should there not be sufficient demand, the Issuer may experience a barrier to growing the business of the Issuer in the market.

### 10.11 Proprietary Rights and Licenses

The Issuer intends to use proprietary and/or licensed trade marks and brand collateral in its operations. There exists the possibility that certain applications will be rejected or that certain trade marks will not be sufficiently broad to protect key aspects of the Issuer's brands. If this occurs, the Issuer will still continue with its business plan as contemplated but competitors may be able to use similar or replicated brand elements.

### 10.12 Additional Financing

The Issuer intends to use the net proceeds of this Offering for the purposes of continuing activities necessary to operate the business. The Issuer will require additional funds to develop and grow its business. The Issuer cannot accurately predict the timing and amount of such capital requirements. The Issuer's future capital requirements will depend on numerous factors, including:

- the success in securing additional contracts with key partners and strategic alliances;
- the Issuer's ability to implement its marketing and sales strategies;
- the rate of market acceptance of the Issuer's products;
- the Issuer's ability to maintain and expand its customer base; and
- the Issuer's ability to secure and develop new markets.

The Issuer presently has no commitments for additional financing and it cannot give any assurance that any commitments can be obtained on favourable terms or at all.

The Issuer may have to sell a substantial number of its securities in order to obtain additional equity financing. Any additional equity financing, which may include the offering of preferred stock that the Issuer undertakes may dilute the Issuer's Shareholders.

In addition, debt financing, if available, may involve restrictive covenants with respect to distributions, raising future capital and other financial and operational matters, and may otherwise limit the Issuer's ability to raise additional equity capital.

### 10.13 Key Employees and Strategic Alliances

The Issuer's success will depend on its ability to attract, retain, train and motivate highly skilled employees, particularly brewing, management, sales and marketing professionals. The Issuer currently has these people on staff, yet, may, in the future, not be able to attract the personnel it needs to execute its business plan within the expected timeframe.

Further, in addition to the Issuer's need to continue to engage and expand on its relationships with on-premise accounts, off-premise accounts, advertisers, brands, content creators/owners, retailers, wholesalers and other potential partners. The Issuer also engages or will engage certain third parties for promotion and distribution, legal, human resources, intellectual

property and public relations and other areas where specialized expertise may be required and its success will depend on its ability to make such strategic alliances. The Issuer will depend substantially on the services of its executive team, management team, development team, brewing team, sales and marketing team and its strategic alliances.

The Issuer's business may be harmed if it loses the services of any one of its key employees, strategic alliances or key partners and is unable to attract and retain qualified replacements.

#### 10.14 Interests of Principals and Others in Material Contracts and Conflicts of Interest

The majority of the agreements and arrangements between the Issuer and its officers and directors, including management services contracts, have not been the result of arm's length negotiations but are believed to be reasonable in relation to the services performed. The Issuer will be relying on its respective officers and directors to advise with respect to the development of its business. Certain of these officers and directors of the Issuer are now or may become in the future officers and/or directors of other entities or act as principals, officers or directors of other businesses. They may have conflicts of interest in allocating management time, services and functions among the Issuer and any other present or future businesses which they may organize, or provide management services to, as well as other business ventures in which they are or may become involved.

#### 10.15 Management of Growth

The Issuer anticipates rapid growth and plans to capitalize on this growth. The Issuer's future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees and strategic partners, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in expense growth could have a material adverse effect on the Issuer's business, results of operations, cash flows and financial condition.

#### 10.16 Nature of the Underlying Businesses

The Issuer is an established business within a competitive industry. Its success is dependent upon its ability to develop and market its product profitably in the domestic and international marketplaces. Also important will be the Issuer's ability to source and maintain adequate financing to meet the cash flow requirements of its operations.

#### 10.17 Cash Flow Deficiencies

The successful operation of the Issuer will be dependent on management's ability to attain and maintain sales revenue sufficient to meet expenditures. There is no assurance that the operations of the Issuer will provide any cash flow available for distribution to the Issuer.

## 10.18 Management by Others

All decisions with respect to the management of the Issuer will be made exclusively by the Board of Directors and its Officers, especially the Chief Executive Officer, subject only to limited protective provisions and voting rights in favour of subscribers required by law. Subscribers will have to rely on the judgment of the Board of Directors in the operation of the Issuer and errors in the Board of Directors' business judgment could have a material adverse effect on the Issuer and its results from operations. The Board of Directors and officers of the Issuer will have no liability for any obligation of the Issuer. The Issuer will be required to indemnify the Board of Directors, the officers, and their respective affiliates for liabilities incurred in connection with the affairs of the Issuer. Such liabilities may be material and have an adverse effect on the returns to the subscribers. The indemnification obligation of the Issuer will be payable from the assets of the Issuer, including funds contributed by the subscribers. Applicable corporate and securities laws may impose liabilities under certain circumstances on persons who do not act in good faith, and nothing herein will waive or limit any rights that a subscriber may have against the Board of Directors under those laws. In addition, to the extent permitted by applicable law, the Issuer is permitted to advance funds for legal expenses and other costs incurred as a result of a legal action against persons entitled to indemnification if such persons agree in writing to repay the advanced funds to the Issuer if it is subsequently determined that such person is not entitled to such indemnification.

## 10.19 Competition

The Issuer operates in a competitive industry and there are other competitors that are further along in its development stage and more established than the Issuer and who may have access to more resources than the Issuer.

If the Issuer is unable to compete it could have a material adverse effect on the Issuer's business. The Issuer cannot be certain that it will successfully compete with its competitors that may have greater financial, sales and technical resources. As a result, the Issuer may need to increase its marketing, advertising and promotional spending to secure market share, which may adversely impact its revenues and ultimately its profitability. The Issuer may not have the financial resources to increase such spending when necessary to compete.

## 10.20 Continued Brand Recognition

The Issuer believes that developing and then maintaining its brand and being able to expand its Consumer base is critical to its success. The importance of brand recognition may become greater as competitors offer similar products. The Issuer's brand-building activities will involve increasing awareness of its brand, creating and maintaining brand loyalty and increasing the availability of its product offerings. If the brand-building activities are unsuccessful, the Issuer may never recover the expenses incurred in connection with these efforts, and it may be unable to implement its business strategy and increase its future sales.

## 10.21 Failure to Develop a Product Desired by Craft Beer Consumers

The success of the Issuer's product development efforts is affected by its ability to anticipate changes in consumer preferences, the capability of its product development staff in developing and testing products, including complying with governmental regulations, and the success of its management and sales team in introducing, selling and marketing the product features. Failure to develop, add new products may lead to a decrease in the Issuer's future growth, sales and profitability. Additionally, the development of the product requires substantial research, development and marketing expenditures, which the Issuer may not be able to recoup if the product does not gain widespread market acceptance. If the Issuer is unsuccessful in meeting its objectives with respect to the product, the Issuer's business will be harmed. There can be no assurance of the Issuer's ability to develop a product that is competitive with other similar applications or that it can then later develop a new version of the product that will meet changing consumer preferences and receive widespread acceptance. Failure to develop and successfully market a desired product will have a material adverse impact on the Issuer's financial condition and results of operations.

## 10.22 Industry Risks

### Regulatory Scrutiny

The Issuer may be subject to extensive laws and regulations in respect of the liquor manufacturing and distribution industry. Changes to any of these laws and regulations could have a significant impact on the Issuer's business. There can be no assurance that the Issuer will be able to cost-effectively comply with any future laws and regulations. Failure by the Issuer to comply with applicable laws and regulations may subject the Issuer to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Issuer's financial condition and results of operations.

## 10.23 Financial Risk

The ability of the Company to continue as a going concern is dependent upon its ability to raise capital.

## 10.25 Liquidity Risk

The securities being offered by are not, and may never become, liquid. Purchasers' ability to sell their investments may depend upon the Issuer becoming an acquisition target or completing an initial public offering. Such liquidity events will depend upon the Company's growth, the competitive environment, and the legal environment.

## Item 11: REPORTING OBLIGATIONS

The Company will, upon written request, provide copies to each of its shareholders of the financial reports described under Section 6.5 above.

Within 30 days after the closing of the distribution, Persephone will deliver or cause to be delivered to each purchaser a confirmation setting out the following:

- (i) the date of subscription and the closing of the distribution;
- (ii) the quantity and description of the eligible security purchased;
- (iii) the price per eligible security paid by the purchaser; and
- (iv) the total commission, fee and any other amounts paid by the issuer to the funding portal in respect of the start-up crowdfunding distribution.

## Item 12: RESALE RESTRICTIONS

The securities you are purchasing are subject to a resale restriction. You may never be able to resell the securities.

## Item 13: PURCHASERS' RIGHTS

If you purchase these securities, your rights may be limited and you will not have the same rights that are attached to a prospectus under applicable securities legislation. For information about your rights you should consult a lawyer.

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the funding portal within 48 hours of your subscription. If there is an amendment to this offering document, you can cancel your agreement to purchase these securities by sending a notice to the funding portal within 48 hours of receiving notice of the amendment.

The offering of securities described in this offering document is made pursuant to a start-up crowdfunding registration and prospectus exemptions order issued by the securities regulatory authority or regulator in each participating jurisdiction exempting the issuer from the prospectus requirement.

## Item 14: DATE AND CERTIFICATE

## 14.1 Certification

On behalf of the issuer, I certify that the statements made in this offering document are true.

May 16, 2016

“Brian Smith”

Brian Smith

CEO

Persephone Brewing Company Inc.

I acknowledge that I am signing this offering document electronically and agree that this is the legal equivalent of my handwritten signature. I will not at any time in the future claim that my electronic signature is not legally binding.