OFFERING MEMORANDUM

ENCORE VINEYARDS LTD.

Date:	**January 22, 2016**	
The Issuer		
Name:	**ENCORE VINEYARDS LTD.** (the "**Corporation**")	
Head Office:	Address:	Suite 7 – 7519 Prairie Valley Road Summerland, B.C. V0H 1Z4
	Telephone:	(250) -494-8828
	Fax:	250-494-8848
	Email	info@encorevineyards.com
Currently listed or quoted?	**These securities do not trade on any exchange or market.**	
Reporting Issuer?	No	
SEDAR filer?	No	

THE OFFERING

Securities Offered:	Up to 1,010,221 Series A Preferred Shares (the "**Offering**").
Price per share:	$1.00 per Series A Preferred Share.
Minimum/Maximum Offering:	**There is no minimum offering**. **You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Minimum Subscription Amount:	The minimum subscription amount from each investor is $2,500.
Payment Terms:	Bank draft or certified cheque from a personal or RRSP/RRIF/LIP account payable to Encore Vineyards Ltd.
Proposed Closing date:	From time to time and on or before February 29, 2016.
Income Tax Consequences:	There are important tax consequences to these securities. See Item 6.
Selling Agent:	The Corporation has engaged a registered dealer, financial advisor or sales person to assist in the sale of this Offering, as an agent of the Corporation in connection with the distribution of the Series A Preferred Shares. See Item 7.
Resale Restrictions:	**The Corporation is not a reporting issuer in any jurisdiction and the Series A Preferred Shares are not listed on any public market at this time. The Series A Preferred Shares will be issued pursuant to exemptions under applicable securities laws and are illiquid securities, and may be transferred only in accordance with applicable securities laws. You will be restricted from selling your Series A Preferred Shares for an indefinite period of time. See Item 10.**
Purchaser's Rights:	**You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel. See Item 11.**

NO SECURITIES REGULATORY AUTHORITY OR REGULATOR HAS ASSESSED THE MERITS OF THESE SECURITIES OR REVIEWED THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THIS IS A RISKY INVESTMENT. SEE ITEM 8 "Risk Factors".

Rights of the Corporation:	The Corporation reserves the right to accept, reject/return and/or pro-rate any subscription pursuant to this Offering in its sole discretion. There is no minimum offering and the Corporation reserves the right to close in respect of individual subscriptions at any time, as well as the right to terminate the Offering at any time. The Corporation will hold your subscription funds in trust until midnight on the second business day after the day on which we receive the subscription agreement.

This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

Equity Capital Program Summary

The Equity Capital Program is the operating name for the programs operating under the *Small Business Venture Capital Act* of British Columbia ("**SBVC Act**"). This program is designed to encourage arm's length investors to make equity investments in businesses operating in sectors which result in export enhancement or otherwise diversify the economy of British Columbia. Among other things, the SBVC Act permits a small business in British Columbia ("B.C.") to register as an Eligible Business Corporation ("**EBC**"). An EBC may receive investments under the Equity Capital Program directly from investors. The Corporation was issued a Letter of Registration as an EBC on July 14, 2014 which was renewed on March 25, 2015 for a term expiring February 29, 2016. The Corporation must meet the following requirements: not more than 100 employees, 75% of wages are paid to employees who regularly report to work in B.C., 80% of its assets must be located in B.C. and more than 50% of its assets and expenses applied to its operations in B.C. and it maintains a permanent establishment in British Columbia.

As a result, provided that the Corporation complies with the requirements and intent of the SBVC Act, the Corporation is entitled to apply on behalf of Purchasers of the Series A Preferred Shares who are resident in British Columbia on the date of the purchase for tax credit certificates entitling the Purchasers to a tax credit equal to 30% of the amount paid by the Purchasers for the Series A Preferred Shares. The issuance of tax credit certificates is contingent on available room in the province's budget for the tax credit imposed by the SBVC Act. If a tax credit certificate is issued to the Subscriber, it will entitle the Subscriber to a credit against the Subscriber's provincial income tax payable to the Province of British Columbia for the taxation year. As a condition of receiving the tax credit, the Subscriber will be required to own the Series A Preferred Shares for 5 years. See Item 6 "Income Tax Consequences and RRSP Eligibility" and Item 8 "Risk Factors".

Subscribers who acquire further information on the provisions of the SBVC Act and the *Small Business Venture Capital Regulation* made under the SBVC Act ("**SBVC Regulations**") are advised to consult their own professional advisors or contact the Investment Capital Branch of the Province of B.C.

Provincial Government Disclaimers:

In registering the Corporation under the SBVC Act, the Province of British Columbia makes no representations with respect to any tax considerations discussed in this document other than with respect to those dealing with the British Columbia tax credit available in respect of the purchase of the Series A Preferred Shares.

The Province of British Columbia in no way guarantees the value of any shares issued by an EBC registered under the SBVC Act nor does it in any way express an opinion as to the financial condition of the issuing company or the merits of an investment in shares of the issuing company.

Notice Regarding Forward-Looking Statements

Certain statements in this Offering Memorandum are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Corporation will obtain from them. These forward -looking statements reflect management's current views and are based on certain assumptions and speak only as the date of this Offering Memorandum. These assumptions, which include management's current expectations, estimates and assumptions about our proposed operations, long term objectives, use of proceeds, proposed facility, acquisition targets, the economic environment, the market price and demand for wine and our ability to manage our proposed and future projects and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) inability to raise the required financing to carry out the Corporation's business objectives; (2) the uncertainty of government regulation and politics in British Columbia regarding the sale of wine; (3) unforeseen construction and development costs with respect to the proposed facility; (4) a possible yearly variation in the quality of wines produced; (5) delays in the start of the proposed operating facility; (6) inability to locate and acquire additional wineries; (7) inability to obtain the necessary permits and consents necessary to carry on the business such as the required liquor licenses; (8) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges; (9) adverse public opinion regarding the consumption of alcoholic beverages; and (10) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Subscribers are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information about these and other assumptions, risks and uncertainties are set out in Item 8 "Risk Factors".

This Offering Memorandum includes FOFI or future -oriented financial information or forward-looking information about prospective financial performance, financial position or cash flows based on assumptions about future economic conditions and corporate activities. The FOFI contained herein is based upon assumptions that are reasonable as determined and approved by management of the Corporation as of the date of this Offering Memorandum and are based upon the accounting policies the Corporation expects to use to prepare its financial statements for the period covered by the FOFI. The purpose of providing the FOFI is to give additional information as to where proceeds may be allocated if the revenues as stated are realized and, due to the risks that the FOFI may not result in the projections stated, the Corporation cautions readers that the information may not be appropriate for other purposes.

Future oriented financial information is included in section 2.4.1 regarding financial projections for 5 years and an example of an investment with the effect of the EBC tax credit and an investment example using RRSP funds.

GLOSSARY OF TERMS

"Agency Agreement" means the agency agreement between the Corporation and Ensign dated December 19, 2014. See Item 7

"Asset Purchase Agreement" means the asset purchase agreement dated August 29, 2014 among the Corporation, Encore Vintners and the Bare Trustee regarding the Transaction.

"Assumed Loan" means the secured loan owed by Encore Vintners to the Bank of Montreal which was assumed by the Corporation as part of the Purchase Price in the aggregate amount of $3.1 million.

"Bare Trustee" means 436167 B.C. Ltd., a private British Columbia corporation, that holds title to certain real estate assets as bare trustee for the sole benefit of the Corporation.

"BC Tax Act" means the *Income Tax Act* (British Columbia), as amended.

"**Board**" means the board of directors of the Corporation.

"Business Day" means a day on which Canadian chartered banks in Vancouver, British Columbia are open for the transactions of regular business.

"Closing" means one or more closing(s) of the purchase and sale of the Offered Securities.

"Closing Date" means the date on which a Closing of the purchase and sale of the Offered Securities takes place, or such other date or dates designated by the Corporation, which shall be on or prior to February 2016, unless extended by the Corporation in its sole discretion.

"Common Shares" means common shares in the capital of the Corporation.

"Corporation" means Encore Vineyards Ltd.

"**Directors**" means the directors of the Corporation.

"EBC" means an "Eligible Business Corporation" under the SBVC Act.

"Encore Vintners" means Encore Vintners Ltd., a private British Columbia corporation and vendor of the assets in the Transaction.

"Ensign" means Ensign Capital Inc. of Toronto, Ontario, a registered exempt market dealer in the provinces of British Columbia and Ontario, registered pursuant to NI 31-103.

“**Evolve Cellars**” means a five-acre vineyard and winery located in Summerland, BC that the Corporation has leased. “Evolve Cellars is also a new brand of wines offered by the Corporation.

“**General Security Agreement**” means the general security agreement dated September 26, 2014 signed by the Corporation in favour of Encore Vintners as security for the Indebtedness.

“Indebtedness” means the balance of the Purchase Price to Encore Vintners which is unpaid and secured by the Promissory Note and the General Security Agreement.

“**LIP**” means a life insurance policy.

“NI31-103” means National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

“NI45-106” means National Instrument 45-106 Prospectus and Registration Exemptions.

“Offering” means the private placement offering of Series A Preferred Shares for an aggregate of $5,000,000.

“Offering Jurisdictions” means the Province of British Columbia and as prescribed by NI45-106.

“Offering Memorandum” means this offering memorandum of the Corporation dated as of the front page as amended and supplemented from time to time.

“Offered Securities” means the 1,010,221 Series A Preferred Shares offered under this Offering.

“Person” means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency political subdivision thereof and every other form of legal or business entity of whatsoever nature of kind.

“Preferred Shares” means the class of preferred shares authorized to be issued by the Corporation.

“Promissory Note” means the secured promissory note issued by the Corporation to Encore Vintners on the closing of the Transaction as part of the Purchase Price which bears interest at 1% per annum with a maturity date of 8 years from the closing date of the Transaction and which amount is approximately $7.0 million. See section 2.2.9 “Asset Purchase Agreement"

“Purchased Securities” means the Offered Securities purchased by the Subscriber, as set out on the front page of the Subscription Agreement.

“**Purchaser” or Subscriber**” means a person who subscribes for and purchases the Offered Securities.

"Purchase Price" means the purchase price of approximately $10.1 million paid by the Corporation to Encore Vintners on the closing of the Asset Purchase Agreement, which amount was paid through the assumption of the Assumed Loan and the balance
was paid through the issuance the Promissory Note.

"RRIF" means a registered retirement income fund.

"RRSP" means registered retirement savings plan.

"SBVC Act" means the Small Business Venture Act (British Columbia).

"Securities Laws" means the securities legislation and regulations of the Offering Jurisdictions, and the instruments, policies, rules, orders, codes, notices and interpretation notes of the applicable securities regulatory authority or applicable securities regulatory authorities related thereto.

"Series A Preferred Shares" means the class of Shares authorized in connection with the Offering.

"Subscription Agreement" means the agreement between the Subscriber and the Corporation for the purchase of the Offered Securities.

"Subscription Amount" means those funds received by the Corporation with respect to the Purchased Securities subscribed for under the Subscription Agreement.

"Subscription Price" means the purchase price of $1.00 per Series A Preferred Share.

"Tax Act" means the Income Tax Act (Canada), as amended, re-enacted or replaced from time to time and includes the Regulations made thereunder.

"**TFSA**" means a tax free savings account.

"**TIME Estate Winery**" means the winery currently under construction by the Corporation and a brand of wines offered by the Corporation.

"Transaction" means the purchase by the Corporation of all the assets and the assumption of certain liabilities of Encore Vintners in accordance with the terms of the Asset Purchase Agreement.

"VCC" means a Venture Capital Corporation under the SBVC Act.

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ITEM 1 USE OF AVAILABLE FUNDS

1.1 Funds

		Assume no sales ($)	Assume Total Sale of Offering ($)
A	Amount to be raised by this Offering	Nil	1,010,221 [(1)]
B	Selling commissions and fees	Nil	101,022 [(2(4)]
C	Estimated balance of Offering cost (e.g. legal, accounting, audit) Marketing expenses equal to 5% of Offering total	25,000 Nil	25,000 40,409 [(3) (4 (3))]
D	Available funds: A-(B+C)	25,000	843,790
E	Additional sources of funding required		0
F	Working capital deficiency	Nil	2,820,610 [(5)]
G	Total: G= (D+E) - F	Nil	843,790[(6)]

(1) The Corporation can raise a maximum of $5,000,000 by the sale of the Series A Preferred Shares. To date the Corporation has raised $3,989,779 leaving a balance still to be raised of $1,010,221.

(2) In December 2014, the Corporation paid a one-time fee of $10,000 to Ensign. The Corporation will pay a 10% commission to Ensign and or may pay up to a 10% selling commission to any person, including the Directors for services that result in the sale of the Series A Preferred Shares. See Item 3 "*Interests of Directors, Management, Promoters and Principal Holders*" and Item 7 "*Compensation Paid to Sellers and Finders*."

(3) The Corporation is incurring marketing expenses that are expected to equal up to 4% of the funds raised in the Offering. These marketing expenses could exceed 4%. See note 4 below.

(4) The Corporation has been paying selling commissions of between 4% and 8% of funds received. It is possible that marketing costs will exceed 4%. However, the Corporation believes that the combined selling commissions and fees and the marketing costs will not exceed 14% of the proceeds of the Offering as budgeted.

(5) As of December 31, 2015 the working capital deficiency is $2,820,610 which consists of current assets of $3,616,099 and current liabilities of $6,436,709. Included in the current liabilities is $1,081,368 due to Greyback Construction Ltd. (See Item 2.7 "Material Agreements") and $3,883,960 due to the Bank of Montreal (see Item 4.2 "Long Term Debt Securities". The Offering funds will not be adequate to meet its obligations and complete the construction of the Time Estate Winery.

(6) The Corporation will have to raise additional funds by debt or equity. See Item 8 "*Risk Factors*".

1.2 Use of Available Funds for the next 4 months

Description of intended use of net proceeds in order of priority	Assuming Minimum Offering ($)	Assuming Maximum Offering ($)
Engineering, Architects, Independent Consultants, Insurance	0	75,000 (1)
Greyback Construction Ltd.	0	555,660(2)
Administration, accounting and legal fees	0	60,000
Management fees	0	40,000(3)
Settlement loan	0	24,000 (4)
Evolve Cellars lease payments	0	10,753 (5)
Loan interest payments to the Bank of Montreal ("BMO")	0	$78,377(6)
Total: Equal to G in the Funds table above	0	**$843,790**

(1) See Item 2.2.3 "Time Estate Winery Construction" for an analysis of the full cost of construction.

(2) See Item 2.7 "Material Agreements" regarding an agreement to pay prior construction costs of the Time Estate Winery.

(3) See Item 3 "*Directors, Management, Promoters and Principal Holders*" for a description of the estimated management fees of the Corporation.

(4) See Item 2.7 "Material Agreements" regarding a settlement agreement with the prior CFO.

(5) See Item 2.2.6 Evolve Cellars".

(6) The $78,377 will service the interest due for the outstanding bank debt with BMO for four months. See Item 4.2 "*Long Term Debt*" for description of the outstanding loans.

The proceeds of the Offering will not be sufficient to accomplish the Corporation's near term business objectives and, as a result, the Corporation will require additional bank debt financing or the raising of funds by sale of its Common Shares in addition to the Offering of the Series A Preferred Shares.

The Corporation intends to seek bank debt financing from Canadian based lending institutions to be drawn on a construction basis and then replaced with a long term mortgage. There is no assurance that additional financing will be available. The construction of the winery cannot complete without the additional financing. See Item 2.2.3 "*Time Estate Winery Construction*" regarding the balance of funds required to complete the construction of the Time Estate Winery.

In addition to raising the funds set out above, the Corporation intends to offer additional equity securities such as Common Shares from time to time on terms determined by the Board in its sole discretion.

None of the funds raised from the sale of the Preferred Shares will be used to repay the Indebtedness to Encore Vintners secured by the Promissory Note.

1.3 Reallocation

The Corporation intends to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2 BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on June 24, 2014 under the name "Encore Vineyards Ltd." The Corporation is a private company.

2.2 Our Business

2.2.1 Introduction

The Corporation is a recently incorporated entity whose sole business carried on to date has been the acquisition of the vineyard, licensed winery involving grape growing and wine production, marketing and distribution business previously carried on by Encore Vintners, a private British Columbia corporation. See Item 2.2.2 "*The Sundial Vineyard*" and Item 2.2.9 "*Asset Purchase Agreement*". Thereafter the Corporation has been fund raising by the sale of the Series A Preferred Shares.

Encore Vintners is controlled by Harry McWatters and Robert Wareham. Mr. McWatters is a director and the Chief Executive Officer of the Corporation. Mr. Wareham was a director and the Chief Financial Officer of the Corporation until October 8, 2015.

On September 26, 2014, the Corporation and Encore Vintners closed the Asset Purchase Agreement whereby the Corporation purchased substantially all of the assets of Encore Vintners. (Two minor assets were not purchased). See Item 2.2.9 "*Asset Purchase Agreement*.

One of the material assets of Encore Vintners was its liquor license issued by the Province of British Columbia, which permits it to produce wines for sale. The license was transferred to the Corporation on January 1, 2015.

2.2.2 The Sundial Vineyard

The Corporation is an Okanagan-based, fully integrated wine company selling wine under well-known brands such as the McWatters Collection and Time Estate Winery. The Corporation currently owns and operates one of Canada's most awarded vineyards: the 60 acre Sundial Vineyard located on the renowned Black Sage Bench in Oliver, British Columbia. The Sundial Vineyard was planted in 1993 and has approximately 250 tons of annual production consisting of premium Vinifera and Bordeaux varieties.

From the grapes grown at the site the Corporation will continue to sell some of its grapes to other wineries. To date the Corporation has outsourced its wine making and bottling to another winery. With the new TIME Estate Winery, the Corporation is able to crush and bottle its grapes and provide this service to other vineyards and wineries. See Item 2.2.3 "*TIME Estate Winery Construction*".

2.2.3 TIME Estate Winery Construction

The Corporation is financing and constructing a new and unique custom wine production facility, the Time Estate Winery, located at the Corporation`s Sundial Vineyard that will include retail and a resort facility that will offer products for sale and accommodation. While the footprint for the facility is approximately 10,000 square feet, the combination of floors total 25,000 square feet on three levels.

The total capital development budget for the TIME Estate Winery including engineering permits consultants, insurance, site servicing, construction and equipment was $9,187,784. Approximately $3,004,886 of this amount has been spent leaving an amount to be raised of about $6,182,898. This figure is not an exact figure as it is subject to adjustment depending on changes to construction requirements and unforeseen circumstances. See Item 8 "*Risk Factors*" regarding the risks associated with raising the balance of $6,182,898.

All required permits for the construction have been issued. As at the date of this Offering Memorandum excavation of the site is completed, all of the cellar walls have been poured and backfilling of the cellar walls is completed and the mezzanine, cellar and main floors of the winery has been poured. Completion of the facility is subject to the success of this Offering and arranging for additional bank financing, neither of which are assured. See Item 8 "*Risk Factors*".

2.2.4 The TIME Estate Winery

The TIME Estate Winery will contain a production cellar with tanks and two barrel aging rooms on the bottom level. The mezzanine level will contain a sparkling wine aging and riddling facility, offices and a mechanical/electrical equipment section. The main floor encompasses the retail area, a commercial kitchen for events, the four guest suite accommodations, meeting facility as well as a deck that provides an expansive view over the vineyards and mountains of the South Okanagan Valley.

The following custom processing services will be offered to other wineries;

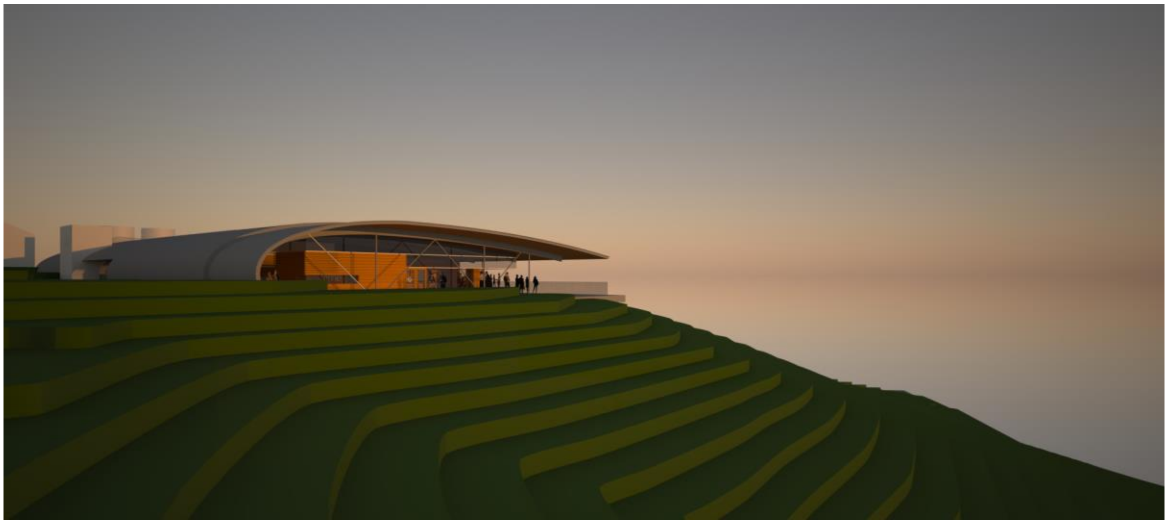
- Crushing, pressing, juicing
- Tank and barrel fermentation
- Temperature controlled and humidified barrel storage
- Temperature controlled stainless storage
- Wide ranging barrel services
- Mico flex and plate/frame filtration
- Custom blending
- Reverse osmosis
- Comprehensive wine laboratory services

Public and retail facilities: The public will be able to access the wine retail area, book guest suites and utilize the expansive deck fronting the winery.

2.2.5 Production Capacity

The size of the production facilities of 50,000 cases annually, was determined based on the capacity necessary to have a cost efficient operation as well as take advantage of the shortage of custom crush production capacity in the Okanagan valley as determined by market research. Approximately half of the production will come from the Corporation's own brands with the balance being available for custom crush clients.

The production of the Corporation's Sundial Vineyard averages approximately 250 tons of premium grapes annually, which translates into just over 17,500 cases of wine from the Sundial Vineyard. This will be supplemented by purchasing grapes from non-contracted growers on the open market as required as sales demand grows.



Artists Rendering of the Time Estate Winery

Artists Rendering of the Time Estate Winery

Construction Photo April 2015

2.2.6 Evolve Cellars, Summerland, B C.

Effective April, 2015 the Corporation leased a five acre vineyard and winery located in Summerland, BC which is now called Evolve Cellars. This facility was sold by court order and the new arms-length owner has leased the property now known as Evolve Cellars to the Corporation for an annual fee of $32,660. The lease of Evolve Cellars was arranged by the Corporation principally to access the onsite winery.

Evolve Cellars is the base of operations for the Corporation's new brand of wines called Evolve Cellars. Evolve Cellars opened to the public on May 16, 2015 for access to the onsite wine shop.

View from Evolve Cellars

2.2.7 Wine Production

A. Brands

The Company has three brands of wine: “Evolve Cellars”, “McWatters Collection” and “TIME Estate”. Evolve Cellars is a new brand that was released on May 16, 2015 for sale at the Evolve Cellars. The McWatters Collection has been for sale to the public since 2010. The TIME Estate brands have been for sale to the public since June 2013.

The three brands are unique and can be distinguished by their combinations of grapes, varieties, styles and price points in order to have a wide appeal to wine consumers. Each brand was designed to target different market segments. For example, McWatters Collection is targeted to traditional wine consumers.

B. Sales Outlets

The brands are primarily sold in British Columbia directly to consumers, private retailers, VQA stores and on premise sales. See Item 2.2.8 “*Sales and Marketing Strategy*” for a discussion of “VQA”.

TIME Estate and McWatters Collection are also sold through the Newfoundland Liquor Corporation. In 2014, 1,000 cases of these two brands were sold to China. To maintain exclusivity the Chinese importer is required to continue to import a minimum1,000 cases for each of the next two years. As no cases were purchased in 2015, the exclusivity is gone but the contract is still in place.

Effective April 1, 2015 the Corporation's three brands can be purchased from Save On Foods in Surrey, BC which is officially the first grocery store in BC to sell liquor. The BC government created this model to support smaller B.C. wine producers, offering them space on grocery shelves. "O*ur BC VQA wine is a natural fit for this model and one that we were able to adapt quickly and easily to fit"*: said Miles Prodan, president and CEO, BC wine Institute.

C. Grape Production

Below is a table of the grape production records for the Company`s Sundial vineyards for 2013 and 2014 used in the Corporations Brands. A case is always nine litres of wine, typically sold as 12 bottles of 750 ml.

2013 Production

	Short Tons Produced (2,000 lbs)	Cases of Wine Produced in the Corporation's Brands
White wine	36.93	2,399
Red wine	36.21	2,172
Total	**73.14**	**4,571**

	Short Tons Sold to Other Wineries (2,000 lbs)	Total Short Tons Harvested (2,000 lbs)
White wine	76.6	113.5
Red wine	95.7	110.8
Total	**172.2350**	**224.3**

2014 Production

	Short Tons Produced (2,000 lbs)	Cases of Wine Produced in the Corporation's Brands
White wine	79.5	5,170
Red wine	95.7	5,741
Total	**175.2**	**10,911**

	Short Tons Sold to Other Wineries (2,000 lbs)	Total Short Tons Harvested (2,000 lbs)
White wine	50.5	130.0
Red wine	54.6	150.2
Total	**105.1**	**280.3**

D. 2015 Grape Production

The tonnage for the 2015 vintage was 200 tons from the Sundial Vineyard. 2016 tonnage is expected to be around 250 tons as a number of replanted areas will be in production with improved quality and more vines.

2015 was the first year of operations by the Corporation of Evolve Cellars. The tonnage for 2015 was about 20 tons. None of this will be used until 2016 when the white wine will be bottled. The red wine will be bottled in 2017.

E. Wine Sales to other Producers

The Corporation has 12,000 litres of white wine in bulk which will be listed for sale to other wineries. Based on prior experience the sale price will be approximately $8.00 a litre.

2.2.8 Sales and Marketing Strategy

BC Vintners Quality Alliance ("VQA) stands for British Columbia Vintners Quality Alliance. The VQA is an "appellation of origin" system similar to the AOC and DOC systems utilized in France and Italy respectively. VAQ is the appellation of origin and quality standards for the wines of British Columbia. Established in 1990, BC VQA certified wines must meet specific standards with respect to origin, vintage and varietals. In the last decade, VQA wines in British Columbia have increased in sales volume (cases) by 280%. The industry's expectations are that comparable sales volumes will continue for the next 10 years. The Corporation is unaware of any reason why its growth would not match the overall industry growth.

The objective of the Corporation is to over-deliver from both a quality and value perspective. Encore plans to produce ultra-premium and specialty wines show casing the best of what the South Okanagan wine industry has to offer, while at the same time delivering exceptional value. Currently the Corporation has two wine brands: TIME Estate Winery and McWatters Collection. A third wine brand, Evolve Cellars was launched in May 2015.

Having identified the primary and secondary targets for each of the Encore brands, the Corporation is confident that we have covered the majority of growth categories within the British Columbia wine market. The Corporation has developed individual marketing and sales strategies for each brand, but in the overall marketing thrust outside of our on premise winery locations, the key focuses will be both retail (private retail stores) and licensees (restaurants), while also supplying limited profitable export markets. The Corporation has partnered with a sales agency in British Columbia to ensure the control of the entire sales channel from "ground to glass".

The Corporation's two winery locations will allow for the hosting of special events and will focus on wine education, which will give the wineries and brands a better sense of place and credibility and allow it to conduct consumer experiences second to none. Here the Corporation will focus on winery client sales and the development of wine club membership as both of these deliver the highest profit margins.

The Corporation's TIME Estate Winery, currently under construction, will also offer guest rooms with a high-end Bed and Breakfast experience overlooking the vineyards and valley below. The Corporation will also offer custom production services with an extensive list of services and will market to new and existing wineries within British Columbia.

2.2.9 Asset Purchase Agreement

On August 29, 2014, the Corporation entered into the Asset Purchase Agreement with Encore Vintners and the Bare Trustee, whereby Encore Vintners agreed to sell and the Corporation agreed to buy, substantially all of the assets owned by Encore Vintners that were used in connection with its business. As Harry McWatters and Robert Wareham were common directors, officers and principal shareholders to both the Corporation and Encore Vintners, such directors abstained from voting as Directors on the resolution to approve the entry into and consummation of the proposed Transaction, and signed a notice of disclosure which disclosed their interest as such in connection with the Transaction.

On September 26, 2014, the Corporation and Encore Vintners closed the Asset Purchase Agreement.

Pursuant to the terms of the Asset Purchase Agreement, the Corporation purchased the business for a Purchase Price of approximately $10.1 million. The Corporation paid the Purchase Price by assuming the Assumed Loan of Encore Vintners of approximately $3.1 million and paid the balance of the Purchase Price of approximately $7.0 million (the Indebtedness) through the issuance of the Promissory Note. The Promissory Note is subordinated to the Assumed Loan and the payment of dividends to the holders of the Series A Preferred Shares.

Concurrently with the closing of the Asset Purchase Agreement, the Corporation entered into the following agreements:

An employment agreement with Harry McWatters, whereby the Corporation agrees to pay Mr. McWatters a salary of $120,000 per year in consideration for his employment services as President and Chief Executive Officer of the Corporation. The requirement to pay $120,000 per year is required to be made until the Corporation pays the Promissory Note in full.

An employment agreement with Robert Wareham, whereby the Corporation agrees to pay Mr. Wareham a salary of $120,000 per year in consideration for his employment services as Chief Financial Officer of the Corporation. This agreement was terminated effective September 30, 2015 by mutual agreement. See Item 2.7 “Material Contracts”.

A licensing agreement with Harry McWatters and/or his affiliated companies, whereby they granted the Corporation an exclusive, royalty-free license to use the name “McWatters Collection” in connection with the Corporation’s branding and labeling of premium wines.

A shareholders’ agreement, whereby the founding shareholders of the Corporation agreed to certain rights, obligations and transfer restrictions on the Common Shares held by the founding shareholders. Pursuant to the terms of the shareholders’ agreement, the shareholders had agreed that the Board will consist of four members: Harry McWatters, Robert Wareham, Robert Fraser and Glen Vause, or their respective nominees, with either Mr. McWatters or Mr. Wareham holding a second or casting vote in the event of a deadlocked Board. As of November 9, 2015Mr. Wareham ceased to be a shareholder. The shareholders’ agreement contains a termination provision that terminates the agreement on the payment of the Promissory Note in full.

An escrow agreement with an escrow agent, whereby the founding shareholders holding the Common Shares, excluding Harry McWatters and Robert Wareham, deposited their Common Shares into escrow with the escrow agent until the payment of the Promissory Note in full (the “Escrow Agreement”). In the event the Promissory Note is not paid in full after five years from the closing date of the Asset Purchase Agreement, a pro rata portion of the Common Shares held in escrow will be returned to treasury for cancellation that is equal to the portion of the total amount of Indebtedness that remains outstanding under the promissory note on such date. Mr. Wareham’s common shares now held by NRG Power Corp., are not be included in the Escrow Agreement. See Item 3 "*Interests Of Directors, Management, Promoters And Principal Holders*".

A bare trust agreement (the "**Bare Trust Agreement**") whereby the Bare Trustee agrees to hold the certain fee simple lands on which the Sundial Vineyard is located, in trust for the sole benefit of the Corporation.

In addition, the founding shareholders holding the Common Shares, entered into a voting trust agreement whereby such shareholders agree to vote their Common Shares in accordance with voting instructions of Harry McWatters and Robert Wareham at all shareholders' meetings of the Corporation until the payment of the Promissory Note in full. As such, Harry McWatters and Robert Wareham hold voting rights of all of the Common Shares of the Corporation until the voting trust agreement is terminated in accordance with its terms.

In connection with Assumed Liabilities, the Corporation entered into a commitment letter (the "**Commitment Letter**") with the Bank of Montreal ("**BMO**") for six facilities (the "**Loan Facilities**") for an aggregate of approximately $4.1 million. In connection with the Loan Facilities, the Corporation agreed to comply with the following financial covenants:

(i) Maintain a debt service coverage ratio ("**DSC**") of at least 1.25. The DSC ratio is defined as CFADS (defined below) divided by required payments. CFADS means EBIDTA (Earnings before Interest, Taxes, Depreciation and Amortization) less cash taxes, unfunded capital expenditures, dividends, and net balance sheet withdrawals by owners for the period in question. The DSC excluded repayments on the Promissory Note if such payments are made from the proceeds of equity sales.

(ii) The Corporation cannot incur non-trade debt over $100 million without the consent of BMO.

(iii) Additional sale of equity of the Corporation cannot dilute Messrs. Wareham and McWatters' ownership position to less than 50% of the Common Shares. This item is under review by the Corporation and BMO as Mr. Wareham is no longer a shareholder.

In connection with the Loan Facilities, the Corporation entered into a general security agreement (the "**BMO General Security Agreement**"), whereby the Corporation granted a senior secured interest over all of the properties of the Corporation. In an event of default, which includes a breach of any of the financial covenants, BMO may declare all amounts owing to BMO to be due and payable. The Corporation also agreed to standard covenants, such as compliance with all material agreements, access to records, and to not dispose of any property or assets (except in the ordinary course of business) without the prior written consent of BMO. On the closing of the Transaction, the Corporation issued the Promissory Note and entered into the General Security Agreement with Encore Vintners to secure repayment of the Promissory Note in full and guarantee security to Encore Vintners over all present and after acquired personal property of the Corporation, as defined in the *Personal Property Security Act* of British Columbia, subject to the BMO General Security Agreement.

Pursuant to the Asset Purchase Agreement, the Corporation has agreed to indemnify Encore Vintners and the Bare Trustee for and from any loss, damages or deficiencies suffered by Encore Vintners and the Bare Trustee as a result of any claim relating to any failure to fully satisfy and discharge the assumed liabilities in the Asset Purchase Agreement, any loss, damages or deficiencies suffered by Encore Vintners and the Bare Trustee as a result of any breach of representation, warranty or covenant contained in the Asset Purchase Agreement and all claims, demands, costs and expenses for any of the foregoing.

The Corporation faces significant competition from other wineries and organizations with respect to all aspects of its business, including the growing, processing, distribution and sales of the Corporation's proposed wine. There are numerous competitors from the Okanagan and other regions in British Columbia in addition to the numerous other wine growing districts in the world, many with considerably more access to capital, markets and distribution channels than those of the Corporation.

2.3 Development of Business

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on June 24, 2014. Subsequent to that date, the Corporation was capitalized by the founder group and it commenced the negotiation and entry into the Asset Purchase Agreement on August 29, 2014, which closed on September 26, 2014. See Item 2.2.7 "*Material Agreements*".

2.4 Long Term Objectives

The following are the significant events that must occur to accomplish the Corporation's long term objectives, the time periods in which each event is expected to occur and the anticipated costs related to each event:

Long Term Objectives	**Time Period**	**Anticipated Cost ($)**
Completion of TIME Estate Winery Construction and purchase of Winery Equipment. See Item 2.2.3 "*TIME Estate Winery Construction*" *	Between 12 months to 24 months	(1) 6,182,898
Payment of Indebtedness. See Item 2.2.9 "*Asset Purchase Agreement*"	Between 48 months and 60 months	7,035,569
Inventory build- up between year 2 and year 6	Between 25 and 60 months	1,939,770
Total		15,158,237

(1) See Item 2.2.3 "*Time Estate Winery Construction*".

2.5 Short Term Objectives and How We Intend to Achieve Them

The Following sets out the Corporation's objectives for the next 12 months:

What we must do and how we will do it	Target completion date, or if not known, number of months to complete	Our cost to complete ($)
TIME Estate Winery construction	12 months	(1) 6,182,898
Engineering	12 months	(1) 75,000
Equipment	12 months	699,269
Greyback Construction Ltd.	3 months	(2) 1,081,367
Soft costs – (legal, accounting, audit, staff training, insurance)	12 months	205,000
Evolve Cellars start-up operations	12 months	80,000
Management fees	12 months	(3) 120,000
Inventory build up	12 months	336,940
Settlement Loan fees	12 months	(4) 72,000
General and Administrative	12 months	194,000
Marketing of the Corporation's Brands and the TIME Estate Winery	12 months	135,000
Distribution (warehousing and shipping)	12 months	132,889
Payments on BMO loans	12 months	235,130
Proposed dividend to Series A Preferred Shareholders		420,000
Total		9,969,494

(1) These items plus the first two items in Item 2.4 "Long Term Objectives" are included in the figure of $6,182,898 which is the balance of construction costs of the TIME Estate winery. See Item 2.2.3 "*Time Estate Winery Construction*".

(2) See Item 2.7 "Material Agreements" regarding an agreement to pay prior construction costs of the Time Estate Winery. This figure is to December 31, 2015. The Corporation has allocated funds from the Offering to pay Greyback Construction Ltd. See Item 1.2 "*Use of Available Funds*".

(3) See Item 3.1 "*Interests of Directors, Management, Promoters and Principal Shareholders*" for full details regarding the amounts to be paid to related parties as wages for management personnel.

(4) See Item 2.7 "Material Agreements" regarding a settlement agreement with the former CFO.

The Corporation must raise funds in addition to this Offering to meet its short and long term objectives and there is no assurance that additional financing will be available. See Item 8 "*Risk Factors*".

2.6 Insufficient Funds

The proceeds of the Offering will not be sufficient to accomplish the Corporation's near term business objectives and, as a result, the Corporation will require additional bank debt financing to meet its short and long term objectives. There is no assurance that additional financing will be available. See Item 8 "*Risk Factors*".

2.7 Material Agreements

The Corporation has entered into the following material agreements:

2.7.1 Asset Purchase Agreement dated August 29, 2014, among the Corporation, Encore Vintners and the Bare Trustee. Please refer to the disclosure under Item 2.2 "*Our Business*" for material information related to the Asset Purchase Agreement. As disclosed in section 2.2, the Asset Purchase Agreement is a related party transaction as Harry McWatters and Robert Wareham are Directors, officers and principal shareholders of both the Corporation and Encore Vintners.

2.7.2 An employment agreement dated September 26, 2014 with Harry McWatters, whereby the Corporation agrees to pay Mr. McWatters a salary of $120,000 per year in consideration for his employment services as President and Chief Executive Officer of the Corporation. The requirement to pay $120,000 per year is required to be made until the Corporation repays the Promissory Note in full. See 2.2.9 "*Asset Purchase Agreement*".

2.7.3 An employment agreement dated September 26, 2014 with Robert Wareham, whereby the Corporation agrees to pay Mr. Wareham a salary of $120,000 per year in consideration for his employment services as Chief Financial Officer of the Corporation. The requirement to pay $120,000 per year is required to be made until the Corporation repays the Promissory Note in full. See 2.2.9 "*Asset Purchase Agreement*".

2.7.4 A licensing agreement dated September 26, 2014 with Harry McWatters and/or his affiliated companies, whereby they granted the Corporation an exclusive, royalty-free license to use the name "McWatters Collection" in connection with the Corporation's branding and labeling of premium wines.

2.7.5 The Commitment Letter with BMO, as described under the heading "Our Business".

2.7.6 The BMO General Security Agreement and Vintners General Security Agreement, dated September 26, 2014 as described in Item 2.2.9 "*Asset Purchase Agreement*".

2.7.7 The Promissory Note dated September 26, 2014, as described in Item 2.2.9 "*Asset Purchase Agreement*".

2.7.8 The Bare Trust Agreement dated September 26, 2014, as described in Item 2.2.9 "*Asset Purchase Agreement*".

2.7.9 The Agency Agreement dated December 19, 2014 as described in Item 7 "*Compensation paid to Sellers and Finders*".

2.7.10 A Lease Agreement dated April 2014 as described in Item 2.2.6 "*Evolve Cellars*".

2.7.11 A Settlement Loan agreement dated November 9, 2015 as amended on November 27, 2015 with Robert Wareham the former CFO, whereby the Corporation and Mr. Wareham mutually agreed to terminate Mr. Wareham's employment agreement with the Corporation. The Settlement Loan agreement provides for a loan to him of $6,000 per month plus interest commencing October 2015 and ending September 2017, which is secured by the deduction of the loan amount from the Indebtedness due by the Corporation to Encore Vintners Ltd. Mr. Wareham also agreed to the deduction from the Indebtedness of CFO fees paid to Mr. Wareham for the six months from April to September 2015 inclusive. Mr. McWatters has also agreed to the same deduction. Mr.

Wareham agreed to transfer his 3,375,000 common shares to NRG Power Corp., a company controlled by a director, Robert Fraser. See Item 3 "*Interests Of Directors, Management, Promoters And Principal Holders*".

2.7.12 A Security Agreement dated June 1, 2015 with Greyback Construction Ltd. to secure the amount outstanding on the construction of the Time Estate Winery including monthly equipment rentals of $22,500. Interest accrues at 5% per month. The Corporation granted a second mortgage to Greyback Construction Ltd. to secure the outstanding amount and issued a promissory note. As of November 30, 2015 the amount due was $1,020,225 when the outstanding amount was due to be fully paid. The Corporation and Greyback Construction Ltd. have signed an amendment agreement dated December 17, 2015 providing for (i) full payment of the outstanding amount and any additional amounts accrued to the repayment date of March 31, 2016 and (ii) the Corporation paying Greyback Construction Ltd. one-half of the proceeds from the sale of the Series A Preferred Shares or any Common Shares after deduction of sales commissions. The Corporation will also have to raise additional funds by debt or equity financing in addition to this Offering to fully pay the amount of the outstanding construction costs. The amount due to Greyback Construction Ltd. as at December 31, 2015 was $1,081,368.

ITEM 3 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation (each, a "**principal shareholder**") as of the date hereof:

Name and municipality of principal residence	Positions held and date of obtaining that position	Compensation paid since inception and to March 31, 2015 and anticipated to be paid in the current fiscal year..	Number, type and percentage of securities of the Corporation held if no Series A Preferred Shares are sold (1)	Number, type and percentage of securities of the Corporation held after the completion of the maximum Offering (1)
Harry McWatters Summerland, B.C	President, CEO and Director as of June 24, 2014	$126,750 from incorporation to March 31, 2015. Anticipated to be paid: $120,000	9,907,980 Common Shares 73.4% of the Common Shares(2)	9,907,890 Common Shares 73.4% of the Common Shares(2)*
Robert Wareham Peach land, BC	Chief Financial Officer and Director, as of June 24, 2014 to October 8, 2015	From incorporation to March 31, 2015: $123,250 to March 31, 2015. Paid $60,000 April to September 2015.	0	0
Julio Young Vancouver, BC	CFO, corporate Secretary, as of November 4, 2015	Paid to Date: Nil Anticipated to be paid: Nil Nil- however selling commissions have accrued(5)	0	0
Robert A. Fraser Port Moody, BC	Executive VP – Business development and director as of July 22, 2014		1,200,000 Common Shares 8.9% of the Common Shares(3)(5)	1,200,000 Common Shares 8.9% of the Common Shares (3)*

Glen Vause Summerland, B.C.	Director as of July 22, 2014	Paid to Date: Nil Anticipated to be paid Nil[(5)] however selling commission have accrued [(5)]	1,200,000 Common Shares 8.9% of the Common Shares (3)	1,200,000 Common Shares 8.9% of the Common Shares [(3)*]
Jarome Lochkrin Delta, B.C.	Vice President December, 2014	Paid to March 31, 2015: Nil Anticipated to be paid: Nil	none	none

* No Series A Preferred Shares owned or planned to be purchased

(1) Does not include any Common Shares that are issuable upon the conversion of the Series A Preferred Shares in the Offering. Pursuant to the rights and restrictions of the Series A Preferred Shares, the Series A Preferred Shares may be redeemable by the holder after the date that is 5 years from the date of issuance of the Series A Preferred Shares. Upon delivery of a notice of conversion by the holders of the Series A Preferred Shares to the Corporation, the holders have the right to convert all but not less than all of the Series A Preferred Shares into Common Shares on a one-for- one basis subject to standard adjustment. All accrued unpaid dividends will be payable by the Corporation in cash, Common Shares, promissory note, or combination thereof at the time of conversion.

(2) The common shareholders excluding Harry McWatters and Robert Wareham, entered into a voting trust agreement, whereby such shareholders agree to vote their Common Shares in accordance with voting instructions of Harry McWatters and Robert Wareham at all shareholders' meetings of the Corporation until the earlier of: (i) repayment of the Promissory Note in full by a date that if five years following the closing date of the Asset Purchase Agreement, or (ii) 8 years from the closing date of the Asset Purchase Agreement. As such, Harry McWatters and Robert Wareham held voting rights of all of the Common Shares of the Corporation until the voting trust agreement is terminated in accordance with its terms. Mr. Wareham is no longer a party to this Agreement and his common shares have been transferred to NRG Power Corp. a private company controlled by a director, Robert Fraser. See Items 2.7 "*Material Transactions*" and 2.2.9 "*Asset Purchase Agreement*".

(3) The common shareholders excluding Harry McWatters and Robert Wareham deposited their Common Shares into escrow with an escrow agent pursuant to the terms of an escrow agreement until the earlier of: (i) repayment of the Promissory Note in full, and (ii) the date that is five years from the closing date of the Asset Purchase Agreement. In the event, the Common Shares are released from escrow after five years from the closing date of the Asset Purchase Agreement and the Promissory Note is not repaid in full, a pro rata portion of the Common Shares held in escrow will be returned to treasury for cancellation that is equal to the portion of the debt owed pursuant to the Promissory Note that remains outstanding on such date. The Common Shares transferred by Mr. Wareham to NRG Power Corp. have not been deposited into escrow. See Item 2.2.9 "*Asset Purchase Agreement*".

The Corporation has agreed that two Directors of the Corporation, Robert Fraser and Glen Vause may receive selling commission for their services in the sale of the Offering. All commissions paid to the Directors and to third parties are within the budgeted amount of 10%. See Item 1.1 "Net Funds".

Due from related parties

	Sept 30, 2015	March 31, 2015
NRG Power Corporation, (company controlled by Robert Fraser) (pre-paid expense for outstanding invoices related to NRG fundraising activities. This amount will be offset when invoices are submitted).	$166,433	$137,035
Vintage Consulting Ltd., a company under common control. (pre-paid expense for outstanding invoices related to consulting services. This amount will be offset when invoices are submitted).	9,737	9,737

Encore Vintners Ltd., a company under control of a director	0	12,787
The Drinks List Merchant Ltd., a company under minority ownership by a director. (pre-paid expense for outstanding invoices related to the purchase of The Drinks List Merchant Ltd. This amount will be offset when invoices are submitted).	37,000	25,000
Robert Fraser, Director	143	0
TOTAL	$213,313	$184,559

Due to related party

	Sept 30, 2015	March 31, 2015
Encore Vintners Ltd., a company under the control of a director, Harry McWatters and Robert Wareham.	5,893	0
TOTAL	$5,893	$0

3.2 Management Experience

The following table discloses the principal occupations of the Directors and executive officers of the Corporation over the past 5 years:

Name	Principal occupation and related experience
Harry McWatters, Chief Executive Officer, President and Director	Mr. McWatters is a 46 year veteran of the British Columbia wine industry. In 1980, he founded Sumac Ridge Estate Winery, B.C.'s first estate winery, and subsequently founded See Ya Later Ranch Estate winery in 1995. In 2000, when Mr. McWatters sold both operations to Vincor Canada, he stayed on as President of Sumac Ridge and See Ya Later Ranch and was a Vice President of Vincor Canada until he "retired" in 2008 at which point he established the Vintage Consulting Group, providing consulting services on all aspects of the wine business. During this time Mr. McWatters has launched the McWatters Collection, TIME Estate Winery and co-developed the Encore Vintners business model.
Julio Young CFO, corporate secretary	Julio Young, CPA, CGA, is the Tax Partner of the accounting firm Fernandez Young LLP. He is also a founding shareholder and director of FY International, an organization of independent accounting, legal and consulting firms with a strong presence throughout the Americas and a growing presence in Europe. Mr. Young is involved in all areas of personal, corporate and estate taxation; in particular, advising domestic and international clients on strategic planning, cross border transactions, business transition, mergers and acquisitions.
Robert Fraser, Executive VP – Business Development and Director	Robert Fraser has a strong business background holding senior management positions for more than 30 years. During his career Mr. Fraser has built several companies in various industry sectors. Prior to joining the Corporation, Mr. Fraser was the Chief Executive Officer of Syntaris Power Corp. a position he held for six years. Syntaris is a well-known independent power producer in Western Canada. From 2004 to 2008, Mr. Fraser was the President of Galaxy Telecom Ltd., a VoIP services provider supplying services across Canada. From 1998 – 2004 Mr. Fraser was the COO of Corinex Communications Corp. Corinex is a software, firmware and hardware and research development technology company with more than 200 development staff. Mr. Fraser brings a strong sales and marketing background to any organization and has lead financings in many of the companies he has been associated with. Mr. Fraser started his career and held a variety of positions during a fifteen year tenure at Dun & Bradstreet Canada Ltd, culminating in senior management. Dun & Bradstreet is considered the world leader of business information.

Glen Vause, Director	Mr. Vause is currently the founding director of the Titan Pacific Group, a group of companies specializing in real estate development, construction and finance of institutional, commercial and residential properties. Mr. Vause also co-founded and held senior executive Positions at Pacific Capital Partners, West Coast ATM Financial and DVDPlay Canada Inc. A serial entrepreneur at heart, Mr. Vause has invested in and held active roles in several start-ups from advisory to board member.
Jarome Lockrin Vice President	Jarome Lochkrin has an extensive background in syndicated real estate and has been directly involved in raising capital for several private equity companies. Since the 1990's Mr. Lochkrin has focused on real estate based investment companies providing them with complete marketing campaigns and direct client relations. These companies include several mortgage investment corporations as well as real estate development projects such as Golden Buffalo, a commercial real estate development in Fort McMurray, Alberta. For the purpose of working for companies such as International Investment Properties, Equity Investment Group and Pacific Real Estate Group, Jarome held a Real Estate licence. Jarome continues to provide his specialized experience to companies within the real estate focused investment arena.

3.3 Penalties, Sanctions and Bankruptcy

No director, executive officer or control person of the Corporation, or an issuer of which a director, executive officer or control person of the Corporation has served, has, within the 10 years prior to the date of this Offering Memorandum, been subject to any penalty or sanction, or cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years or been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceeding, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets during the last 10 years.

3.4 Loans

Other than as described herein , as at the date hereof, the Corporation had no debentures or loans outstanding with Directors, officers, promoters and principal holders.

The Corporation issued the Promissory Note to Encore Vintners as part of the Purchase Price in the principal amount of approximately $7.0 million. The Promissory Note bears interest of 1% per annum, matures on the date that is 5 years from the closing of the Transaction and is secured against all of the assets of the Corporation but it is subordinate to the Assumed Loan. Harry McWatters and Robert Wareham control encore Vintners. Harry McWatters is the Chief Executive Officer, director and principal shareholder of the Corporation and Robert Wareham was the Chief Financial Officer, director and a principal shareholder of the Corporation until October 8, 2015.

3.5 Conflicts of Interest

Item 7 "*Compensation Paid to Sellers and Finders*" discloses the engagement of Ensign to act as a lead agent to sell, market and administer the Offering.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Issuer, disclose the nature and extent of his interest to the other directors and abstain from voting on any matter is which he has declared an interest.

Non-Executive Managers

Christa-Lee McWatters Bond: Marketing Manager

Christa-Lee has been part of the BC wine industry since birth. Growing up as the daughter of BC wine ambassador Harry McWatters included an upbringing that instilled in her a true appreciation and love of wine.

Christa-Lee worked in the family business throughout her school years and in 1995 became a sales representative for Sumac Ridge Estate Winery and Hawthorne Mountain Vineyards. In 2000, both operations were acquired by Vincor International and Christa-Lee was named BC Sales Manager for the newly formed Sumac Ridge Estates Wine Group. Later, she was promoted to Marketing Manager for Sumac Ridge Estate Winery, See Ya Later Ranch, Nk'Mip Cellars, Osoyoos Larose, Okanagan Vineyards and the Great Estates of the Okanagan, where she was responsible for all marketing initiatives and on-site hospitality programs. Christa-Lee joined the Vintage Consulting group in 2010 and provides management-consulting services on sales and marketing aspects of the wine business.

Richard Cleave: Vineyard Manager
As an Agricultural Institute Graduate of England, Richard Cleave has been planting and managing vineyards in British Columbia for over 35 years. Since the early 1990s, Richard has consulted for many wineries and has been involved in planting about half the vineyard acreage in all of the Okanagan Valley. He has been the Vineyard Manager of the Sundial Vineyard since its acquisition in 1992. His goal is to grow the best grapes in British Columbia in order to make the best wine. Richard is a pioneer in the British Columbia wine industry. He is well recognized as one of British Columbia's premier grape growers, and a leading authority on viticulture and vineyard management within Canada. Richard has been honoured for his contributions to the grape and wine industry as the recipient of both the Okanagan Wine Festival Founders award and the 2008 Banee award.

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

Description of Security	Number authorized to be issued	Number outstanding as at the date of this Offering Memorandum	Number Outstanding assuming no further sales	Number Outstanding assuming completion of Offering
Series A Preferred Shares	Unlimited	5,174,,779	5,174,779	6,185,000 (1)
Common Shares	Unlimited	13,500,000	13,500,000(2)	13,500,000(2) (3)(4)

(1) The authorized capital of the Corporation includes an unlimited number of Preferred Shares and an unlimited number of Series A Preferred Shares. Refer to the disclosure under Item 5.1 "Terms of Securities" for a description of the rights and restrictions of the Series A Preferred Shares. The Corporation has sold 1,580,000 Series A Preferred Shares at a price of $0.25 each and 3,594,779 Series A Preferred Shares at a price of $1.00 each. The Corporation intends to sell the balance of the Series A Preferred Shares offered by it at a price of $1.00 each.

(2) Does not include any Common Shares that are issuable upon the conversion of the Series A Preferred Shares in the Offering. Pursuant to the rights and restrictions of the Series A Preferred Shares, the Series A Preferred Shares may be redeemable by the holder after the date that is 5 years from the date of issuance of the Series A Preferred Shares. Upon delivery of a notice of conversion by the holders of the Series A Preferred Shares to the Corporation, the holders have the right to convert all but not less than all of the Series A Preferred Shares

into Common Shares on a one-for-one basis subject to standard adjustment. All accrued unpaid dividends will be payable by the Corporation in cash, Common Shares, promissory note, or combination thereof at the time of conversion.

(3) Does not include any Common Shares that the Board may issue from time to time in its sole discretion simultaneous to the Offering described herein.

(4) All of the Common Shares of the Corporation rank equally as to voting rights, participation in a distribution of the assets of the Corporation on the liquidation, dissolution or winding-up of the Corporation and the entitlement to dividends. The holders of the Common Shares are entitled to receive notice of all meetings of shareholders and to attend and vote such Common Shares at the meetings. Each Common Share carries with it the right to one vote. The Common Shares do not have pre-emptive rights and are not subject to redemption. Holders of the Common Shares are entitled to receive such dividends as may be declared by the Board out of funds legally available therefore. In the event of dissolution or winding up of the affairs of the Corporation, holders of the Common Shares are entitled to share rateably in all assets of the Corporation remaining after payment of all amounts due to creditors.

4.2 Long Term Debt Securities

The Corporation has the following long-term debt:

	Description of Long Term Debt	**Repayment Terms**	**Interest Rate December 30, 2015**	**Monthly Payment Amount December 2015**	**Aggregate Amount of Payments over the next 12 Months**
A	BMO – line of credit. Total amount available $750,000. Demand loan Outstanding December 31, 2015 $588,365	Interest only BMO Prime + 0.50%	3.35%	$1,238	$14,856
B	BMO Loan #1 Demand loan Due April 1, 2037 Outstanding December 31, 2015 $439,495	Principal and interest payments at BMO Prime +0.75%	3.60%	$5,167	$62,004
C	BMO Loan #2 Demand loan Due May 1, 2035. Loan outstanding December 31, 2015 = $876,4379	Principal and interest payments at BMO Prime +0.75%	3.60%	$5,327	$63,924
D	BMO Loan #3 Demand loan Due May 1, 2034. Loan outstanding December 31, 2015 $570,156	Principal and interest payments at BMO Prime +1.00%	3.85%	$3,657	$43,884

E	BMO Loan #4 Demand loan Due April 1, 2035 Loan outstanding December 31, 2015 $917,002	Principal and interest payments at BMO Prime +0.75%	3.60%	$2,625	$31,500
F	BMO Loan #5 Demand loan Due February 1, 2023 Loan outstanding December 31, 2015 $492,505	Principal and interest payments at BMO Prime +1.00%	3.85%	$1,580	$18,961
G	TOTAL = $3,883,960			$19,594	$235,130

Also included in long-term debt is the approximately $7.0 million (the Indebtedness) through the issuance of the Promissory Note to Encore Vintners Ltd. pursuant to the Asset Purchase Agreement. See 2.7 “Material Agreements”.

As of December 31, 2015, the prime rate charged by the Corporation`s bank was 2.85%. The aggregate amount of the above debt on average reduces by about $7,430 per month.

As security for the long-term debt, the Company has provided the following:

- General security agreement providing first security interest in all present and future assets of Encore Vineyards Ltd. and 436167 B.C. Ltd.;
- $2,000,000 joint and several personal guarantees from a director and former director; and
- $5,000,000 corporate guarantee executed by 436167 B.C. Ltd. to support first position $5,000,000 mortgage over Sundial Vineyard

4.3 Prior Sales

The Corporation has issued Series A Preferred Shares (or convertible or exchangeable into Series A Preferred Shares) in the past 12 months as follows.

Date of issue	Type of Security	Number of Securities Issued	Price Per Security ($)	Total funds received ($)
February 2015	Series A Preferred Shares	349,354	0.25	319,354
March 2015	Series A Preferred Shares	908,141	1.00	908,141
April 2015	Series A Preferred Shares	82,000	1.00	82,000
May 2015	Series A Preferred Shares	117,250	1.00	117,250
June 2015	Series A Preferred Shares	26,000	1.00	26,000
July 2015	Series A Preferred Shares	130,000	1.00	130,000
August 2015	Series A Preferred Shares	169,702	1.00	169,702
September 2015	Series A Preferred Shares	769,375	1.00	769,375
October 2015	Series A Preferred Shares	143,500	1.00	143,500
November 2015	Series A Preferred Shares	434,877	1.00	434,877
December 2015	Series A Preferred Shares	454,580	1.00	454,580
January 2016	Series A Preferred Shares	50,000	1.00	50,000
Total	Series A Preferred Shares	3,634,779		3,604,779

4.4 Forward Looking Financial Information

THE READER IS CAUTIONED THAT ALL OF THE INFORMATION IN THIS SECTION 4.4 IS FORWARD LOOKING FINANCIAL INFORMATION> PLEASE READ THE CAUTIONARY LANGUAGE IN THE SECTION OF THE COVER PAGES ENTITLED: "NOTICE REGARDING FORWARD-LOOKING STATEMENTS".

Financial Projections

	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
REVENUE					
McWatters Collection	514,416	652,712	706,348	744,967	781,208
Time Estate	1,547,280	1,933,954	2,399,825	2,876,267	3,207,592
Evolve	708,120	1,347,773	2,055,212	2,635,259	2,963,870
Sundial (Grapes only)	741,000	759,525	778,513	797,976	817,925
Custom Crush	820,000	1,372,500	1,731,000	1,890,714	2,157,244
Event/Food Service	20,000	45,000	65,000	85,000	105,000
Suites	0	60,000	80,000	87,000	90,000
Accessories	20,000	40,000	60,000	80,000	100,000
Acquisition	300,000	550,000	563,750	577,844	592,290
TOTAL REVENUE	$4,670,816	$6,761,463	$8,439,648	$9,775,027	$10,815,130
Discounts/Taxes	-286,750	-403,445	-525,513	-634,924	-704,948
	----------	----------	----------	----------	----------
NET REVENUE	$4,384,066	$6,358,018	$7,914,134	$9,140,103	$10,110,182
COGS	$1,862,055	$2,632,787	$3,217,006	$3,727,832	$4,062,885
	----------	----------	----------	----------	----------
GROSS PROFIT	$2,522,061	$3,725,231	$4,697,1258	$5,412,270	$6,047,297
G&A	$1,239,900	$2,325,314	$2,560,083	$2,753,550	$2,855,654
	----------	----------	----------	----------	----------
EBITDA	$1,282,160	$1,399,916	$2,137,046	$2,658,720	$3,191,643

**(Earnings before interest
Taxes, depreciation and amortization)**

Investment Example (Cash)

Source & Use of Funds

	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
SOURCE					
Investor Equity	5,400,000	6,500,000	3,250,000	-	-
Construction Finance	10,000,000	-	-	-	-
Operation Revenue			-	-	-
Total	$20,029,152	$24,751,463	11,689,648	$9,775,027	$10,815,130
USE					
Retire (Existing) Finance	2,916,927	-	-	-	-
Loan Fees	150,000	-	-	-	-
Building	7,452,933	-	-	-	-
Equipment	1,500,000	-	-	-	-
Acquisition	1,500,000	-	-	-	-
Commissions Equity	765,000	910,000	434,000	-	-
COGS	$1,862,055	$2,632,787	$3,217,006	$3,727,832	$4,062,885
Salaries & Wages	679,455	1,165,520	1,191,120	1,198,400	1,205,680
G&A (exclusive of Salaries)	912,730	1,159,794	1,368,963	1,555,150	1,649,974
Discounts/Taxes	285,521	408,124	530,576	640,264	710,547
Repayment Construction Loan	-	10,000,000	-	-	-
Interest Construction Loan		307,146	-	-	-
Interest Permanent Loan	-	281,620	538,462	525,125	511,112
Principal Reduction		125,310	263,455	276,792	290,804
Investor Yield	952,000	1,200,000	1,200,000	1,200,000	1,200,000
Encore Vintners Acquisition	1,000,000	1,000,000	1,500,000	3,535,569	0
TOTAL	$19,906,997	$19,080,423	$10,096,067	$12,479,445	$9,423,230

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Equity Investment	-100,000	-	-	-	-	
*EBC Tax Credit	30,000	-	-	-	-	30,000
**Targeted Annual Distribution	8,000	8,000	8,000	8,000	8,000	40,000
Redemption	-	-	-	-	100,000	100,000
Total Annual Cash Distribution	**$38,000**	**$8,000**	**$8,000**	**$8,000**	**$108,000**	**$170,000**
ROI	**38%**	**8%**	**8%**	**8%**	**8%**	

IRR → **24%**

* BC Residents and Corporations

** See Subscription Agreement
*** Does not include share capital appreciation or redemption premium

Investment Example (RRSP)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Equity Investment	-100,000	-	-	-	-	
*EBC Tax Credit	30,000	-	-	-	-	30,000
**RRSP Tax Refund	40,000					40,000
*** Targeted Annual Distribution	8,000	8,000	8,000	8,000	8,000	40,000
Return of Capital	-	-	-	-	100,000	100,000
Total Annual Cash Distribution	**$78,000**	**$8,000**	**$8,000**	**$8,000**	**$108,000**	**$210,000**
****** ROI**	**78%**	**8%**	**8%**	**8%**	**8%**	**8%**

IRR → **70%**

* BC Residents and Corporations
**Calculation based on 40% tax bracket
***See Subscription Agreement
**** Does not include share capital appreciation or redemption premium

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

The Series A Preferred Shares consist of an unlimited number of shares. Subject to applicable law, during the period from the date of issuance of any Series A Preferred Share to 5 years from such date (the "**Five Year Period**"), the holders of Series A Preferred Shares shall not be entitled to receive notice of or to attend or to vote at any meeting of shareholders of the Corporation. After the Five Year Period, the holders of the Series A Preferred Shares shall be entitled to receive notice of and to attend at and to vote in person or by proxy at any general meetings of the shareholders of the Corporation and shall be entitled to one vote for each Series A Preferred Share held.

The Series A Preferred Shares are redeemable by the Corporation after the Five Year Period. The redemption price (**the "Redemption Price"**) paid by the Corporation to repurchase each Series A Preferred Share shall be the amount paid up thereon plus any unpaid cumulative dividends. After the Five Year Period, the Corporation may at any time redeem all outstanding Series A Preferred Shares, or a pro rata amount from each holder of Series A Preferred Shares, by paying to the holder thereof the Redemption Price for such shares. After receiving a notice of redemption, the holder of Series A Preferred Shares may exercise his or her Conversion Right (as defined below).

During the Five Year Period, the holders of Series A Preferred Shares shall not be entitled to convert the Series A Preferred Shares. After the Five Year Period, the holders of Series A Preferred Shares shall have the right (the "**Conversion Right**") to convert all but not less than all Series A Preferred Shares held by the holder (the "**Specified Shares**") into fully paid Common Shares. Upon receipt of a conversion notice, the Corporation is required to promptly convert each Specified Share into one Common Share. If a holder of Series A Preferred Shares receives a notice of redemption, and such holder wishes to convert the Series A Preferred Shares prior to such redemption, the holder must exercise his or her conversion rights by delivering a conversion notice to the Corporation within 10 business days after receipt of a notice of redemption. Upon receipt of a conversion notice, the Corporation is required to promptly convert each Specified Share into one Common Share, subject to adjustment. Effective as of the date of receipt of a duly signed conversion notice and accompanying share certificate or certificates, the Corporation shall issue to the holder of the Specified Shares a certificate representing fully paid and non-assessable Common Shares in the number equal to the number of Specified Shares and pay to the holder of the Series A Preferred Shares an amount equal to the unpaid cumulative dividends of the Specified Shares (the "**Accrued Dividend Amount**"). If less than all the Series A Preferred Shares represented by any certificate are converted, then the Corporation shall at its expense promptly issue a new share certificate to the holder thereof for the balance of the Series A Preferred Shares not converted. The Accrued Dividend Amount shall be payable by the Corporation in cash, Common Shares, promissory note or any combination thereof in the sole discretion of the Board. If the Accrued Dividend Amount is payable in whole or in part by Common Shares, the amount to be converted into such Common Shares (the "**Converted Dividend Amount**") shall be determined by dividing the Converted Dividend Amount by the original issue price of the Series A Preferred Share, subject to adjustment as set out herein. If the Accrued Dividend Amount is payable in whole or in part by a promissory note, the promissory note will have a maturity date of two years from the conversion notice and bear interest at the Bank of Montreal's Prime Rate (at the date of issuance of the promissory note) plus one percent per annum.

Subject to the *Business Corporations Act* (British Columbia), and solely during the Five Year Period, the holders of the Series A Preferred Shares shall in each year be entitled to receive and the Corporation shall pay thereon as and when declared by the directors of the Corporation out of the monies of the Corporation properly applicable to the payment of dividends, fixed cumulative dividends at a rate of eight percent (8%) per annum payable annually on the **Redemption Price** of the Series A Preferred Shares held by such holders. The redemption price of each Series A Preferred Share is the amount paid up thereon plus any unpaid cumulative dividends.

The Corporation shall not declare or pay any dividends on the Common Shares or other series of Preferred Shares unless the Corporation has paid all cumulative dividends on the Series A Preferred Shares. There is no guarantee that dividends will be declared. See Item 8 "*Risk Factors*".

Payment of the Promissory Note issued by the Corporation to Encore Vintners is subordinate to the payment of any dividends, if and when paid. See Item 2.2.9 "*Asset Purchase Agreement*".

The holder of any Series A Preferred share will not sell, assign or transfer any Series A Preferred Shares and the Corporation will not register any transfer of the Series A Preferred Shares during the Five Year Period unless the transfer is permitted under the *Small Business Venture Capital Act*, [RSBC 1996] c.429 and the regulations promulgated thereunder.

In the event of the liquidation or dissolution of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, the holders of the Series A Preferred Shares will be entitled, before any distribution or payment of any amounts due to holders of the Common Shares as provided for in the Articles of the Corporation, to receive the Redemption Price in respect of each Series A Preferred Share held, and after such payment each such holder will not as such be entitled to participate in any further distribution of property or assets of the Corporation.

Adjustments to Common Shares

If the common shares are adjusted by for example: a consolidation or subdivision of the common shares or the issue of additional Common Shares by dividend the number of Series A Preferred Shares issued shall be adjusted immediately after the effective date of such subdivision, re-division, change, reduction, combination, consolidation or such issuance of Common Shares or convertible securities, by multiplying the number of Series A Preferred Shares issued and outstanding by a fraction of which the numerator shall be the total sum of Common Shares outstanding immediately after such date and the denominator shall be the total number of Common Shares outstanding immediately prior to such date, and such adjustment shall be made successively whenever any event referred to in this subsection shall occur. The complete text of the special rights and restrictions attached to the Series A Preference Shares are attached to the subscription agreement

5.2 Subscription Procedure

Series A Preferred Shares may only be issued to Subscribers who purchase the Series A Preferred Shares as principal, and on the condition that at the same time or before the subscriber signs the Subscription Agreement, the Corporation delivers this Offering Memorandum to the Subscriber, and the Corporation obtains the applicable signed Risk Acknowledgement Form from the Subscriber.

You may subscribe for the Series A Preferred Shares by returning the following documents to the Corporation at Suite 7 – 7519 Prairie Valley Road, Summerland, BC, V0H1Z41:

1. a completed subscription agreement substantially in the form accompanying this Offering Memorandum;

2. A completed Risk Acknowledgement in the form attached to the subscription agreement (Form 45-106F4) - <u>you must keep a signed copy of this form*</u>;

3. a certified cheque or bank draft from a personal or RRSP/RRIF/LIP account in the name of your investment payable to “Encore Vineyards Ltd.”.

The Corporation will hold your subscription funds in trust until midnight on the second business day after the day on which the Corporation accepts your signed subscription agreement. If funds are paid to legal counsel of the Corporation, you irrevocably authorize such legal counsel to transfer such funds to the Corporation following expiration of the second business day after the day on which the Corporation accepts your signed subscription agreement.

The Corporation reserves the right to accept or reject subscriptions in whole or in part at its sole and absolute discretion and to close the subscription books at any time without notice. Any subscription funds for subscriptions that the Corporation does not accept will be returned promptly after the Corporation has determined not to accept the funds.

This Offering will commence immediately and shall remain in effect until such date as the maximum Offering has been sold. Notwithstanding the foregoing, the Corporation may in its sole discretion elect to extend the period of this Offering if the Board determines that the proposed business plan of the Corporation would not be jeopardized by such delay or, alternatively, close this Offering after the sale of any number of the Series A Preferred Shares. It is the present intention of the Corporation to have closings of this Offering from time to time as sufficient numbers of Series A Preferred Shares are sold to warrant such a closing. As this Offering is not subject to any minimum subscription level, it may be completed upon the sale of such number of Series A Preferred Shares as the Corporation, in its sole discretion, determines. You may be the only Purchaser.

At the closing of the Offering, the Corporation will deliver to you a copy of your share certificate representing fully paid and non-assessable Series A Preferred Shares, provided the subscription price has been paid in full. The original share certificate will remain with the Corporation and can be delivered to the subscriber upon request.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 Income Tax Consequences

The following summary of significant income tax consequences of an investment in the Series A Preferred Shares has been prepared by management of the Corporation. The following summary is of a general nature only and is not intended to be a complete analysis of the income tax consequences and should not be interpreted or used as a substitute for legal or tax advice to any particular subscriber.

The income tax consequences will vary depending on the particular circumstances of each subscriber.

You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

Tax Credit Pursuant to SBVC Act

The Corporation will apply on behalf of each Subscriber who is an individual resident in British Columbia at the date they subscribe for the Series A Preferred Shares or a corporation with a permanent establishment in British Columbia, or on behalf of the annuitant where the Subscriber is an RRSP, RRIF or LIP, for a tax credit certificate entitling the Subscriber or annuitant to a tax credit equal to 30% of the amount received by the Corporation from the Subscriber for the purchase of the Series A Preferred Shares. Tax credit certificates may only be issued if the Corporation complies with the requirements and intent of the SBVC Act. The Corporation intends to do so.

A Subscriber who is an individual investor must deduct the lesser of his or her tax credit or $60,000 against tax otherwise payable under the B.C. Tax Act for that taxation year. To the extent that the tax credit of the individual exceeds the amount of provincial taxes payable, the individual will be entitled to a refund of the difference between the lesser of $60,000 or his or her tax credit and the tax otherwise payable, after deducting certain other credits available under the B.C. Tax Act.

In administering the refund process, the refund must first apply to offset other amounts payable, including arrears under both the Tax Act and the B.C. Tax Act. An individual shareholder may claim a tax credit in respect of the prior taxation year if the Series A Preferred Shares of an EBC are purchased within the first 60 days of the next ensuing taxation year.

If an individual Purchaser resides in British Columbia at the date of the subscription for shares but resides outside the province at the end of the year, this may affect the individual's ability to claim the tax credit. Individual shareholders who plan to move outside of British Columbia before year-end are urged to consult with their professional advisors about their eligibility to claim the tax credit.

A Purchaser that is a corporation must deduct the tax credit earned in the taxation year from tax otherwise payable by the corporation under the B.C. Tax Act; there is no annual limit on the tax credit for corporations. A corporation is not entitled to a refund in respect of a taxation year if the amount of the tax credit exceeds the amount of its tax otherwise payable under the B.C. Tax Act for the taxation year.

A tax credit not so utilized by a corporation may be carried forward for up to four subsequent taxation years and may be utilized to the extent that there is tax otherwise payable under the B.C. Tax Act in such taxation years.

In order for a Subscriber to retain the tax credit, the Subscriber must hold the Series A Preferred Shares for a period of five years from the date of issuance. If the Subscriber sells, transfers, redeems or otherwise disposes of the Series A Preferred Shares prior to the expiry of five years, the Subscriber will be liable to repay the tax credit. The certificates representing the Series A Preferred Shares will be issued with a legend prohibiting the sale or transfer of the Series A Preferred Shares for a period of five years.

Equity Capital Authorization

Before an EBC such as the Corporation can raise equity capital and issue shares it must have an authorization from the Equity Capital Program to do so. All authorizations granted to EBCs are specific both with respect to the maximum amount of capital the EBC can raise and with respect to the length of time in which this raising of funds can occur. The Corporation was granted an initial authorization allowing it to raise capital of up to $5,000,000 on or before March 15, 2015. The Administrator of the SBVC Act can extend the authorization period and establish a new expiration date. An extension was granted extending the expiry date to February 29, 2016. As there is no assurance that such an extension would always be granted, investors should verify that they are purchasing their shares in an EBC within a duly authorized period.

Furthermore, the total amount of venture capital tax credits that may be issued each year to investors is limited by Section 29.1 of the SBVC Act and Section 21 of the SBVC Regulations. When the venture capital tax credit budget is reached, the Corporation's equity authorization will be suspended, and further investments in Series A Preferred Shares will not qualify for tax credits under the SBVC Act.

No tax credits will be issued to Subscribers who purchase shares in an EBC that does not have a valid authorization to raise equity capital or where the authorization has expired or is suspended prior to the Subscriber's purchase of the Series A Preferred Shares.

6.2 Eligibility for Registered Plans

A share of the capital stock of a corporation not listed on a prescribed stock exchange in Canada would generally be a qualified investment for a trust governed by a registered retirement savings plan, registered retirement income fund or tax-free savings account (in any case, a "Registered Plan") at a particular time provided that at that time the following conditions are satisfied:

(i) The corporation was a Canadian corporation which was not controlled by one or more non-residents.

(ii) Substantially all of the fair market value of the corporation's assets at that time is attributable to assets that are used principally in an active business carried on primarily in Canada by the corporation or a related corporation, shares or indebtedness of such a corporation, or a combination of such assets.

If the corporation subsequently ceases to satisfy the foregoing conditions at any time, the shares will be deemed to be a "prohibited investment" for all Registered Plans, regardless of the number of shares owned, unless they are a qualified investment at that time under another relevant provision of the Tax Act. Penalty taxes will apply where a Registered Plan holds shares that are a prohibited investment.

Notwithstanding that shares of the capital stock of a corporation may otherwise be a qualified investment as described above, such shares will not be a qualified investment for a particular Registered Plan if they are a "prohibited investment" for that Registered Plan at the time of acquisition. In general terms, such shares will be a prohibited investment for a particular Registered Plan if the annuitant or holder of the Registered Plan (the "Planholder") does not deal at arm's length with the corporation, or has a "significant interest" in the corporation for the purposes of the Tax Act. Generally, a Planholder will have a significant interest in a corporation if the Registered Plan, the Planholder, and other persons not at arm's length with the Planholder together, directly or indirectly, own more than 10% of the shares of any class of shares of the Corporation.

Not all securities are eligible for investment in a registered retirement savings plan ("RRSP"). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities and the tax consequences of such a transfer.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The Series A Preferred Shares are being offered for sale by the Corporation directly through directors, officers, employees and other duly authorized agents of the Corporation in reliance upon exemptions from the registration and prospectus requirements of applicable securities legislation all of whom will be paid commissions. See Item 1.1 "*Net Funds*".

The Corporation may also appoint one or more registered dealers to serve, on a non-exclusive basis, as the Corporation's agents to offer the Series A Preferred Shares for sale to eligible Subscribers on a best efforts basis. The Corporation has retained Ensign as its lead, but nonexclusive, agent, pursuant to an agency offering agreement dated December 19, 2014 (the "Agency Agreement"). Ensign is registered as an "exempt market dealer" in the provinces of British Columbia and Ontario. Pursuant to the Agency Agreement Ensign is engaged to provide sales, marketing and administration for the Offering and to find Subscribers for the Offering.

Pursuant to the Agency Agreement, Ensign (i) received a one-time fee of $10,000 as a due diligence fee, (ii) will receive a cash commission of up to 10% of the offering price of the Series A Preferred Shares. Ensign may, at its option assign some portion of the Commission to other qualified syndicate partners or dealing representatives. Directors, officers and employees of the Corporation may also be eligible to receive this commission in respect of any Series A Preferred Shares sold by them.

Ensign is arms- length to the Corporation and its directors, officers and employees. See Item 3 "*Interests Of Directors, Management, Promoters and Principal Holders"* and Item 3.5 entitled "*Conflicts of Interest*" for further details.

The Corporation signed an arms-length, non-exclusive, agency agreement dated August 5, 2015 with Robson Capital Partners Corp. ("Robson") of Vancouver, BC. to assist in the completion of the Offering. Robson will be paid a selling commission of 10.0% of the gross proceeds of completed subscriptions for the Preferred A Shares. the Corporation's

Save and except as disclosed herein, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with this Offering.

ITEM 8 RISK FACTORS

This is a speculative offering. The purchase of Series A Preferred Shares involves a number of significant risk factors and is suitable only for investors who have no immediate need for liquidity. Prospective Subscribers of Series A Preferred Shares should consider the following risks in connection with purchasing Series A Preferred Shares in addition to the factors set forth elsewhere in this Offering Memorandum. Any, all or a portion of these risks, or other as yet unidentified and unforeseen risks may have a materially adverse effect on all or any of the Corporation, the Series A Preferred Shares, the potential tax benefits of an investment in the Series A Preferred Shares and returns to investors. The Corporation strongly advises that prospective investors should consult with their own legal, tax and financial advisers with respects to these matters. Subscribers should consider the following:

Investment Risk

Speculative Nature of Investment
This is a highly speculative Offering. There is no assurance of a positive, or any, return on an investment in the Series A Preferred Shares. The purchase of the Series A Preferred Shares involves a number of significant risks and is suitable only for investors who are able to risk a total loss of their investment and who have no immediate need for liquidity. The Corporation strongly recommends that prospective investors review this Offering Memorandum in its entirety and consult with their own independent legal, tax, investment and financial advisors to assess the appropriateness of an investment in the Series A Preferred Shares given their particular financial circumstances and investment objectives prior to purchasing any Series A Preferred Shares.

No Market For Series A Preferred Shares
There is no market through which the Series A Preferred Shares may be sold and there are no assurances that any market will develop in the future. It may be difficult or impossible to resell the shares or to pledge the shares as collateral for a loan. Accordingly, an investment in the shares should only be considered by investors who are able to bear the economic risk of a long-term investment and do not require liquidity.

No Review by Regulatory Authorities

This Offering Memorandum constitutes a private offering of the Series A Preferred Shares by the Corporation only in those jurisdictions where and to those persons whom they may be lawfully offered for sale under exemptions under applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement or a public offering of these Series A Preferred Shares. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

Arbitrary Determination of Price

The offering price for the Series A Preferred Shares was arbitrarily determined by the Corporation and is not based on management's criteria of value from their industry experience. Quite specifically, it should be recognized that, as there is no existing market for the Series A Preferred Shares it is impossible, except for the results of the sale of such Series A Preferred Shares under this Offering, to determine at what price, if anything, those Series A Preferred Shares would sell if a market did exist. In addition, the price per Series A Preferred Share paid by Subscribers may be less or greater than the per Series A Preferred Share net asset value of the Corporation at the time of purchase.

Risk of No Return on Investment

Following the closing of the Transaction, there is no assurance that the business of the Corporation will be operated successfully, or that the business will generate sufficient income to allow Subscribers to recoup their investment. There is no assurance that an investment in the Series A Preferred Shares will earn a specified rate of return or any return over the life of the Corporation. There is no assurance that any dividends will be authorized and paid.

Uncertainty of Additional Financing

This Offering is not subject to any minimum subscription level and there are no assurances that the monies raised hereunder will be sufficient to permit the Corporation to execute its business plan or objectives as contemplated herein. The Corporation does not have any commitments to obtain additional financing and there is no assurance that the Corporation will be able to arrange for such financing, or that such financing will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis will have a material adverse effect on the Corporation, including possible default on the construction of the TIME Estate Winery, missed acquisition opportunities and reduced or terminated operations. The additional issuance of equity securities will result in the substantial dilution to you and the Corporation's existing shareholders.

Equity Capital Authorizations

No tax credits will be issued to Subscribers who purchase shares in an EBC that does not have a valid authorization to raise equity capital or where the authorization has expired or is suspended prior to the subscriber's purchase of shares. There is a risk that the Corporation will not comply with the requirements of the SBVC Act and a Subscriber would not receive a tax credit equal to 30% of the amount paid by the Subscriber for the Series A Preferred Shares

Tax-Related

A decision to purchase the Series A Preferred Shares should be based primarily on an appraisal of the merits of the investment and on a subscriber's ability to bear a possible loss and not on any tax benefits that may be obtained. Subscribers acquiring the Series A Preferred Shares with a view to obtaining potential tax advantages from the Series A Preferred Shares should obtain independent tax advice from a tax advisor who is knowledgeable in the relevant areas of income tax law. Federal and provincial income tax legislation may be amended, or their interpretation changed.

Change in Qualified Investment Status
Series A Preferred Shares that are a qualified investment for an RRSP, RRIF, LIP or TFSA at the time of acquisition based on the Corporation's assets and activities at that time meeting the requirements for a specified small business corporation may become a "prohibited investment" for all such plans if a change in the Corporation's assets or activities causes it to cease to meet those requirements. If the Series A Preferred Shares become a prohibited investment, penalty taxes will be applicable to Holders continuing to hold Series A Preferred Shares in their RRSP, RRIF or TFSA.

Risks Specific to the Corporation

Outstanding Loans
If there were an event of default under the loans with BMO, BMO could cause all amounts outstanding with respect to that debt to be due and payable immediately. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. Lastly, we could be forced into bankruptcy or liquidation. As a result, any default by us on our indebtedness could have a material adverse effect on our business. See Item 4.2 *Long Term Debt Securities.*

Lack of Operating History
The Corporation is a start-up company with no history of business operations or earnings record. The Corporation currently owns assets consisting of vineyards, equipment, wine inventory recently acquired in September 2014 and a partially constructed winery. There is no assurance that the Corporation will be able to complete its financing and construction of the winery or operate profitably over the short or long term. There is no assurance that the Corporation will earn profits, or that profitability, if achieved, will be sustained. Subscribers will have to rely on the expertise and good faith of management to raise additional financing, and develop the business previously carried on by Encore Vintners. No assurance can be given that the Corporation's efforts will result in the successful development of the proposed business. If the Corporation's efforts are unsuccessful over a prolonged period, the Corporation may have insufficient working capital to continue to meet its ongoing obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected. Even if the Corporation is successful in developing its proposed business, there is no assurance that production will be profitable.

Reliance on the Directors and Officers
The Corporation has a small management team and the unexpected loss of any of these individuals would have a serious impact on the business. Specifically, the Corporation is dependent upon the skills of the management team listed in section 3.2 for the successful operation of its business. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel could have a material adverse effect on the business of the Corporation. Subscribers must also rely on the directors' ability to develop the business and make appropriate decisions in respect of the management thereof. Subscribers who are not willing to rely on the sole discretion and judgment of the directors and officers of the Corporation should not subscribe for Series A Preferred Shares. The Corporation also relies on a team of consultants to carry out its business objectives and the unexpected loss of any of these consultants could have a serious impact on the business. Subscribers must be prepared to rely solely on the directors' and officers' ability to develop the proposed business and acquire additional vineyards and wineries to grow the business successfully.

Conflicts of Interest

The directors and officers of the Corporation are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition and operation of businesses which compete with the Corporation. Investment in the Corporation will not carry with it the right for either the Corporation or any subscriber to invest in any other property or venture of the directors and officers of the Corporation, or to any profit therefrom or to any interest therein. The directors and officers have a responsibility to identify and acquire suitable acquisition targets on behalf of the Corporation. To the extent that an opportunity arises to enter into such an agreement, the directors of the Corporation have the discretion to determine whether the Corporation will avail itself of the investment opportunity and, if it does not, any of the directors and officers of the Corporation shall be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Corporation, the directors and officers of the Corporation have no obligation to offer an investment opportunity to the Corporation. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

Inability to Manage Growth

If the Corporation is unable to effectively manage its planned growth and expansion, its growth strategy could be negatively affected. Any inability to manage growth effectively could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Inability to Pay the Promissory Note

In the event the Corporation cannot pay the Indebtedness secured by the Promissory Note and General Security Agreement, Encore Vintners can take possession of and dispose of the Collateral which is all of the Corporation's present and after-acquired personal property including proceeds derived directly or indirectly from any dealing with the personal property without becoming liable as a mortgagee in possession. On a practical basis, it is in the best interests of Vintners that the Corporation complete the construction of the TIME Estate Winery and operate as a going concern, which would allow payment of Indebtedness from revenue.

Inability to Pay Greyback Construction Ltd.

In the event the Corporation cannot pay the amount due to Greyback Construction Ltd. by March 31, 2015, Greyback Construction Ltd. could foreclose on its second mortgage. See Item 2.7 "*Material Agreements*".

Industry Risk

Government Regulation and Administrative Practices

In the event the Provincial government changes, or the current Provincial government policies, the Corporation may be adversely affected in a material manner. Under such circumstances, the Corporation may not receive approval to obtain required liquor licenses to carry on its proposed business, develop other wineries or receive permits to sell its or other brands. Operations may be affected from time to time in varying degrees by political and environmental developments, such as restrictions on production, price controls, tax increases, expropriation of property, cancellation of licenses or permits, pollution controls and changes in conditions under which alcoholic beverages may be produced, marketed and sold. There is no assurance that the laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency at the municipal, provincial and federal levels will not be changed, applied or interpreted in a manner which will fundamentally alter the ability of the Corporation to develop, operate, produce or market its products, facilities or operations. This includes the possibility of adverse public opinion, inter-provincial disputes, changes to regulations, policies or practices relating to prices, protectionist or other types of duties or tariffs, road access, land use, expropriation, environmental protection, or other protection of lands. The effect of these factors on the Corporation cannot be accurately predicted but they may have an adverse effect on the return to Subscribers. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest group or groups, may have a detrimental effect on the business of the Corporation. Any or all of these situations may have a negative impact on the Corporation's ability to operate and its profitability, and hence the return to Subscribers.

Building, Occupancy Permit and Facilities

The long-term commercial success of the Corporation depends on its ability to build its proposed production facility, the TIME Estate Winery. The Corporation has received a building permit for the construction of the winery. There is no assurance that the Corporation will receive an occupancy permit for the winery. It is difficult to project the exact costs of developing and constructing this and any future facilities due to the inherent uncertainties of identifying and securing suitable sites, governmental regulations, environmental controls and other factors beyond the control of the Corporation. In addition to construction risks, there are inherent risks in obtaining necessary permits to commence development of a wine facility, including permits related to water, land, road access, transmission lines and other necessary approvals. Moreover, if such acquisitions are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions uneconomic.

Development Stage

The personal property assets acquired by the Corporation from Encore Vintners on the closing of the Transaction only consisted of a small production facility that is operational. Encore Vintners crushed and bottled most of its wine at a third party production facility under contract. The third party facility is limited in the quantity of production. In the event the Corporation is unable to raise funds to complete the building of its winery currently under construction, or in the event the production facility cannot be built as anticipated, the Corporation's ability to generate revenues will be significantly constrained.

Insurance

The Corporation currently carries insurance policies commensurate to industry standards. There are certain risks to the Corporation becoming subject to liability for pollution, property damage, personal injury, death or other hazards. In addition, such risks and others such as fire may not, in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Environmental Risks

Although the Corporation employs reasonable farming and viticultural processes, farming could present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with crop production. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Weather and Growing Conditions

Uncharacteristic droughts or rainfall and flooding will have detrimental effects over the growing season and may affect soil microorganisms. Grapevines are very responsive to their surrounding environment with a seasonal variation in yield of 32.5%. Wine composition is largely dependent on the mesoclimate and the microclimate and this means that for high quality wines to be produced, a climate-soil-variety equilibrium has to be maintained. The interaction between climate-soil-variety will in some cases come under threat from the effects of climate change. Of all environmental factors, temperature seems to have the most profound effect on viticulture as the temperature during the winter dormancy affects the budding for the following growing season. Prolonged high temperature can have a negative impact on the quality of the grapes as well as the wine as it affects the development of grape components that give colour, aroma and accumulation of sugar, the loss of acids through respiration as well as the presence of other flavour compounds that give grapes their distinctive traits.

Competition

Competition within the wine industry is intense, and like most other profitable industries, competition is expected to increase in the future. Such competitors could materially and adversely affect the Corporation's business, results of operations and financial condition. The Corporation can offer no assurance that it will be able to respond effectively to various competitive factors affecting the wine industry. The Corporation will compete for available sales channels and brand and market share and year to year quality could affect sales and financial performance of the Corporation. The Corporation's ability to successfully bid on and acquire other properties could depend on outside factors beyond the Corporation's control.

Possible Change in Consumer Demand

There is always the risk of a reduction by consumers in consumption of alcoholic products and wine in particular. Such a reduction would have a negative effect on the financial operations of the Corporation. Current trends show increased consumption of wine but that could change if consumer spending on disposable items is negatively impacted by current economic conditions.

Each prospective Subscriber of the Series A Preferred Shares should carefully consider the foregoing risk factors and consult his own professional advisors to assess income tax, legal and other aspects of an investment in the Series A Preferred Shares.

ITEM 9 REPORTING OBLIGATIONS

The Corporation is not a reporting issuer as that term is defined in applicable securities legislation nor will it become a reporting issuer in any jurisdiction in Canada or elsewhere following the completion of the Offering of Series A Preferred Shares pursuant to this Offering Memorandum. As a result, the Corporation will not be subject to the continuous disclosure requirements of such securities legislation, including requirements relating to the preparation and filing of audited annual financial statements and other financial information, the dissemination of news releases disclosing material changes in the business and affairs of the Corporation and the filing of material change reports.

The Corporation will send you audited financial statements on an annual or ongoing basis.

The Corporation has changed its year-end to March 31. Each year the audited year-end financial statements of the Corporation for the annual fiscal period ending March 31will be sent to all holders of the Series A Preferred Shares and the holders of the Common Shares commencing with the audited financial statements for the year ended March 31, 2016.

Proxy Material

If after the Five Year Period, you convert the Series A Preferred Shares into Common Shares, or if voting rights of the Series A Preferred Shares are triggered in accordance with the rights and restrictions of the Series A Preferred Shares under the Articles of the Corporation, you will also be given notice of and will be entitled to attend general meetings of the holders of the Common Shares or Series A Preferred Shares, as applicable, in accordance with the *Business Corporations Act* (British Columbia) and the Articles of the Corporation.

This Offering is pursuant to National Instrument 45-106 “Prospectus Exemptions” (“NI-45-106) which was recently amended, effective in Ontario on January 13, 2016 and in all other participating jurisdictions on April 30, 2016 (the “Amendment”). (The other participating jurisdictions are Alberta, Saskatchewan, Quebec, New Brunswick and Nova Scotia. The amendments were not adopted by British Columbia.

Pursuant to the Amendment the Corporation will be required to provide subscribers in the other participating jurisdictions with audited financial statements, a description of how proceeds raised pursuant to the OM were used using Form 45-106F *Notice of Use of Proceeds*, and for New Brunswick, Nova Scotia and Ontario only, a notification upon the discontinuation of the Company’s business, a change in the Company’s industry or a change of control of the Company using a specified Form 45-106F7 *Notice of Specified Key Events*.

The Form 4 Risk Acknowledgement Form will also be amended by the attachment of two schedules: Schedule 1 *Classification of Investors under the Offering Memorandum Exemption* and Schedule 2 *Investment Limits for Investors Under the Offering Memorandum Exemption*.

ITEM 10 RESALE RESTRICTIONS

10.1 General Statement

The Series A Preferred Shares sold to residents of British Columbia will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

In addition to the securities law restrictions set out above, the SBVC Act requires that, as a condition of a Subscriber obtaining a tax credit of 30% of the purchase price for the Series A Preferred Shares, the Subscriber must agree to hold the Series A Preferred Shares for a period of not less than five years from the date of issue. Therefore, regardless of whether the Series A Preferred Shares become eligible for trading under applicable securities laws prior to the expiry of five years, a Subscriber who purchases the Series A Preferred Shares will nonetheless be prohibited from selling or transferring the Series A Preferred Shares or having them redeemed or repurchased by the Corporation for a period of five years from the date of issue.

10.2 Restricted Period

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada. **The Corporation does not propose to become a reporting issuer and consequently, this restriction on trading may never expire**.

ITEM 11 PURCHASER’S RIGHTS

If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

1. **Two-Day Cancellation Right**

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

2. Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Corporation to cancel their agreement to buy the Offered Securities; or
(b) for damages against the Corporation, its directors and any person who signed the Offering Memorandum (collectively defined as the "**Insiders**").

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have the right to sue. In particular, the Corporation would have a defence if you knew of the misrepresentation when you purchased the Offered Securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Subscription Agreement within 180 days after the issuance to you of the Series A Preferred Shares. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years (or two years if you are in Manitoba) after the issuance to you of the Series A Preferred Shares.

3. Contractual Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue:

(a) the Corporation to cancel your agreement to buy these securities; or
(b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Corporation proves does not represent the depreciation in the value of the securities resulting from the misrepresentation. The Corporation has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence its action to cancel the agreement within 180 days after signing the agreement to purchase the securities. You must commence its action for damages within the earlier of 180 days after learning of the misrepresentation and three years after signing the agreement to purchase the securities.

ITEM 12 FINANCIAL STATEMENTS

The following audited and unaudited financial statements of the Corporation are included in this Offering Memorandum:

Unaudited consolidated financial statements of Encore Vintners for the three months ended June 30, 2014 and 2013.

Audited financial statements of the Corporation for the period from inception on June 24, 2014 to March 31, 2015

Unaudited quarterly financial statement of the Corporation for the six months ended September 30, 2015

Consolidated Condensed Financial Statements

Encore Vintners Ltd.
(formerly 218241 B.C. Ltd.)

June 30, 2014

UNAUDITED INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim condensed financial statements for the three months ended June 30, 2014.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

Encore Vintners Ltd. (formerly 218241 B.C. Ltd.) Consolidated statement of financial position

	June 30, 2014	March 31, 2014
Assets		
Current		
Cash and cash equivalents	**$ 101,339**	$ -
Receivables (Note 8)	**179,836**	234,696
Inventories (Note 5)	**662,208**	619,997
Current portion of biological assets (Note 7)	**165,951**	65,303
Prepaid expenses	**4,499**	4,499
Income taxes recoverable (Note 12)	**16,951**	16,951
Due from shareholders	**376,355**	366,355
	1,507,139	1,307,801
Property and equipment (Note 6)	**7,942,845**	7,960,663
Biological assets (Note 7)	**1,061,545**	1,061,545
Reorganization Costs	**49,800**	-
Total assets	**$ 10,561,329**	$ 10,330,009
Liabilities		
Current		
Bank indebtedness	**$ -**	$ 189,233
Payables and accruals (Note 9)	**80,506**	109,709
Current portion of equipment loans (Note 10)	**14,927**	14,927
Current portion of bank loans (Note 11)	**2,930,213**	2,349,169
Current portion of deferred income taxes (Note 12)	**194,852**	194,852
	3,220,498	2,857,890
Equipment loans (Note 10)	**33,790**	37,727
Deferred income taxes (Note 12)	**1,055,138**	1,055,138
	4,309,426	3,950,755
Shareholders' equity		
Share capital (Note 13)	**51,484**	51,484
Retained earnings	**6,200,419**	6,327,770
	6,2512,903	6,379,254
	$ 10,561,329	$ 10,330,009

Commitments (Note 6)

Post-reporting date events (Note 18)

On behalf of the Board

/s/ Bob Wareham CFO

See accompanying notes to the consolidated financial statements

Encore Vintners Ltd. (formerly 218241 B.C. Ltd.)
Consolidated statement of income and comprehensive income

Interim three month period ended		June 30, 2014		June 30, 2013 (unaudited)
Sales	**$**	**8,970**	$	-
Cost of sales		**6,436**		-
Gross profit		**2,534**		-
Expenses				
Advertising and promotion		**1,927**		4,250
Depreciation		**23,323**		26,828
Warehousing		**3,948**		155
Insurance		-		-
Interest and bank charges		-		-
Interest on loans		**28,421**		22,717
Management fees		**60,000**		6,000
Office		**2,146**		97
Professional fees		**3,762**		-
Telephone and security		**645**		760
Travel and automotive		**5,714**		-
		129,885		60,807
Loss before other items and income taxes recovery		**(127,351)**		(60,807)
Other items				
		-		-
Income before income taxes recovery		**(127,351)**		(60,807)
Current income taxes recovery (Note 12)		-		-
Deferred income taxes (Note 12)		-		-
Net income and comprehensive income	**$**	**(127,351)**	$	(60,807)

See accompanying notes to the consolidated financial statements

Encore Vintners Ltd. (formerly 218241 B.C. Ltd.) Consolidated statement of changes in shareholders’ equity

Period ended June 30, 2014

	Retained earnings	Share capital	Total
Balance on September 1, 2012	**$ 6,229,634**	**$ 51,484**	**$ 6,281,118**
Net income and comprehensive income	**69,507**	-	69,507
Balance on August 31, 2013	**$ 6,299,141**	**$ 51,484**	**$ 6,350,625**
Net income and comprehensive income	**28,629**	-	28,629
Balance on March 31, 2014	**$ 6,327,770**	**$ 51,484**	**$ 6,379,254**
Net income and comprehensive income	**(127,351)**	-	(127,351)
Balance on June 30, 2014	**$ 6,200,419**	**$ 51,484**	**$ 6,251,903**

See accompanying notes to the consolidated financial statements

Encore Vintners Ltd. (formerly 218241 B.C. Ltd.) Consolidated statement of cash flows

Period ended	**June 30, 2014**	March 31, 2014
Increase (decrease) in cash and cash equivalents		
Operating activities		
Net income	**$ (127,351)**	$ 28,629
Adjustments for non-cash items		
Depreciation	**23,323**	51,864
Bad debt	-	46,308
Deferred income taxes	-	100,740
(Gain) loss on disposal of property and equipment	-	(2,212)
Revaluation of biological assets	-	(316,331)
Transfer of biological assets to inventory	**(100,648)**	639,983
Changes in non-cash operating working capital		
Receivables	**54,860**	(201,007)
Inventory	**(42,211)**	(343,570)
Prepaid expenses	-	(4,499)
Income taxes	-	16,077
Payables and accruals	**(29,203)**	22,195
	(221,230)	38,177
Financing activities		
Advances to shareholders	**(10,000)**	(64,296)
Repayment of equipment loans	**(3,937)**	(3,937)
Proceeds of bank loans	**600,000**	-
Repayment of bank loans	**(18,956)**	(39,807)
	567,107	(108,040)
Investing activities		
Purchase of property, equipment and biological assets	**(5,505)**	(392,728)
Proceeds from disposal of property and equipment	-	4,920
Reorganization costs	**(49,800)**	-
	(**55,305)**	(387,808)
Net decrease in cash and cash equivalents	**290,572**	(457,671)
Cash and cash equivalents, beginning of year	**(189,233)**	268,438
(Bank indebtedness) cash and cash equivalents, end of year	**$ 101,339**	$ (189,233)

See accompanying notes to the consolidated financial statements

1. Nature of operations

Encore Vintners Ltd. (formerly 218241 B.C. Ltd.) ('the Company") produces and markets grapes and wine. The Company's products are produced and sold predominantly in Canada. The Company is incorporated under the British Columbia Business Corporations Act and is domiciled in Canada. The address of its head office is #7 - 7519 Praire Valley Road, Summerland, BC, V0H 1Z4.

These financial statements have been approved and authorized for issue by the Board of Directors on September 17, 2014.

2. Basis of presentation and adoption of IFRS

These financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These financial statements should be read in conjunction with the Company's financial statements for the year ended March 31, 2014.

The Company's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets, which are measured at fair value less costs to sell.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Companies audited financial statements for the year ended March 31, 2014.

4. Judgments and estimates

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these judgments, estimates and assumptions.

Judgments

During the current year, management was required to make judgments about the recognition and measurement of it’s biological assets.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in net earnings in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At June 30, 2014, management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in Note 6. Actual results, however, may vary due to technical obsolescence.

(continued)

4. Judgments and estimates (continued)

Estimates (continued)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Fair value of biological assets

Determining the fair value of grape vines involves making assumptions about how market participants assign the value of a vineyard between vines, land and other assets. The fair value of vineyards at June 30, 2014 was determined by calculating replacement cost as an approximation of fair value. Changes in the fair value of vines may occur as a result of changes in numerous factors, including, vine health and expected future yields.

Fair value of grapes at the point of harvest

Where possible, the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of a similar quality and the same varietal. For grapes for which local market prices are not readily available, the average price of similar grapes is used.

5. Inventories

		June 30, 2014		March 31, 2014
Bulk wine	**$**	**380,841**	$	443,955
Packaged wine		**281,367**		176,042
	$	**662,208**	$	619,997

6. Property and equipment

	Land	Vineyard infrastructure	Building	Machinery and equipment	Total
Cost					
Balance at August 31, 2013	$ 6,592,253	$ 877,878	$ 175,099	$ 391,228	$ 8,036,458
Additions	7,747	-	166,793	54,656	134,684
Disposals	-	-	-	(5,000)	(10,965)
Balance on March 31, 2014	6,600,000	877,878	341,892	440,884	8,260,654
Additions	-	-	2,643	2,811	5,454
Disposals	-	-	-	-	-
Balance on June 30, 2014	**$ 6,600,000**	**$ 877,878**	**$ 344,535**	**$ 443,695**	**$ 8,266,108**
Accumulated depreciation					
Balance at August 31, 2013	$ -	$ 35,335	$ 25,863	$ 189,220	$ 250,418
Depreciation	-	20,483	3,617	27,765	51,865
Disposals	-	-	-	(2,292)	(2,292)
Balance on March 31, 2014	-	55,818	29,480	214,693	299,991
Depreciation	-	8,779	3,445	11,099	23,323
Disposals	-	-	-	-	-
Balance on June 30, 2014	**$ -**	**$ 64,597**	**$ 32,925**	**$ 225,792**	**$ 323,314**
Net book value					
March 31, 2014	$ 6,600,000	$ 822,060	$ 312,412	$ 226,191	$ 7,960,663
June 30, 2014	**$ 6,600,000**	**$ 813,281**	**$ 311,609**	**$ 217,902**	**$ 7,942,793**

Contractual commitments to construct a winery facility for $6,900,000 at June 30, 2014.

7. Biological assets

Biological assets consist of grape vines and grapes prior to harvest that are controlled by the Company. The Company owns land in British Columbia to grow grapes in order to secure a supply of quality grapes for the making of wine.

At June 30, 2014, the Company held grape vines planted on 56 acres of land (March 31, 2014 – 56). During the interim three month period ended June 30, 2014, the Company harvested nil tons of grapes (March 31, 2014 – nil).

The changes in the carrying amount of biological assets are as follows:

	June 30, 2014	March 31, 2014
Carrying amount – beginning of year	**$ 1,126,848**	$ 1,286,968
Net increase in fair value less costs to sell due to biological transformation, prices and other changes	**100,648**	479,863
Transferred to inventory upon harvest	**(-)**	(639,983)
Carrying amount – end of year	**1,227,496**	1,126,848
Current portion	**(165,951)**	(65,303)
Biological assets	**$ 1,061,545**	$ 1,061,545

8. Receivables

Included in receivables are government remittances receivable of $27,687 (March 31, 2014 - $51,918) and potentially impaired receivables totaling $185,231 (March 31, 2014 - $185,231). These receivables are presented net of allowances for doubtful accounts of $46,308 (March 31, 2014 - $46,308).

9. Payables and accruals

	June 30, 2014	March 31, 2014
Trade payables	**$ 9,632**	$ 109,320
Accrued liabilities	**70,874**	389
	$ 80,506	$ 109,709

10. Equipment loans

	June 30, 2014	March 31, 2014
2013 Kubota Tractor	**$ 27,556**	$ 31,493
2011 Kubota Tractor	**21,161**	21,161
	48,717	52,654
Less: Current portion	**14,927**	14,927
	$ **33,789**	$ 37,727

On March 26, 2013, the Company entered into a new non-interest bearing equipment loan agreement. The loan matures on December 30, 2017 and is repayable in semi-annual principal payments of $3,937. The associated equipment is provided as security for this loan.

On July 28, 2011, the Company entered into a non-interest bearing equipment loan agreement. The loan matures on July 28, 2016 and is repayable in annual principal payments of $7,054. The associated equipment is provided as security for this loan.

Annual principal repayments for the years ending March 31 are as follows:

2015	$ 14,927
2016	14,927
2017	14,927
2018	7,873
	$ 52,654

11. Bank loans

	June 30, 2014	March 31, 2014
Bank of Montreal Loan #1	**$ 918,208**	$ 925,505
Bank of Montreal Loan #2	**459,686**	463,216
Bank of Montreal Loan #3	**953,981**	960,448
Bank of Montreal Loan #4	**598,336**	-
	2,930,212	2,349,169
Less: Current portion	**(2,930,212)**	(2,349,169)
	$ -	$ -

11. Bank loans (continued)

Bank of Montreal Loan #1 is payable at $5,308 monthly including interest at bank prime plus 0.75% and is due August 2036.
Bank of Montreal Loan #2 is payable at $2,616 monthly including interest at bank prime plus 0.75% and is due August 2036.
Bank of Montreal Loan #3 is payable at $5,141 monthly including interest at bank prime plus 0.75% and is due August 2037.
Bank of Montreal Loan #4 is payable at $3,636 monthly including interest at bank prime plus 0.75% and is due May 2038.

All bank loans are secured by a first position $4,615,000 mortgage over the vineyard.

As part of the existing debt agreement, the Company is subject to externally imposed financial covenants which consist of the following:

Debt-service ratio
Shareholder withdrawal restrictions

Compliance with these covenants and the capital expenditure limit is monitored by management on a quarterly basis. At June 30, 2014 and March 31, 2014 the Company is in violation of its debt covenant. All associated bank loans have been classified as current.

Interest expense on bank loans during the interim three month period ended June 30, 2014 was $25,176 (2013 - $22,592).

If the bank loans are not called, the scheduled principal repayments for the years ending March 31 are as follows:

2015	$	68,780
2016		91,084
2017		94,559
2018		98,165
2019		101,912
Thereafter		2,475,713
	$	2,930,212

12. Income taxes

The significant components of deferred tax expense (recovery) included in net income are composed of:

	June 30, 2014	March 31 2014
Temporary differences in capital assets	**$ 1,058,612**	$ 1,058,612
Temporary differences in working capital	**194,852**	194,852
Other	**(3,474)**	(3,474)
	1,249,990	1,249,990
Less current portion	**194,852**	194,852
	$ 1,055,138	$ 1,055,138

13. Share capital

	June 30, 2014	March 31 2014

Authorized

10,000 Class A common shares with par value of $1 10,000 Class B common shares without par value 10,000 Class C common shares without par value 10,000 Class D common shares without par value 10,000 Class E common shares without par value 10,000 Class F common shares without par value 10,000 Class G common shares without par value
10,000,000 Class M common shares without par value
1,000,000 Class H preference shares with par value of $.01 1,000,000 Class I preference shares with par value of $.01 1,000,000 Class J preference shares with par value of $.01 1,000,000 Class K preference shares with par value of $100 1,000,000 Class L preference shares with par value of $100

Issued

	June 30, 2014	March 31 2014
1,384,844 Class M common shares	**$ 51,484**	$ 51,484

14. Financial instrument classification and fair values

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

As at June 30, 2014, there are no financial instruments carried at fair value and consequently, no financial instruments categorized into Level's 1, 2 or 3 or transfers between Level 1 and 2 for the year then ended.

15. Financial instrument risk management

Interest rate risk

The Company is exposed to interest rate risk as a result of its floating rate debt. The Company's principal exposure is that increases in the floating interest rates on its debt, if unmitigated, could lead to decreases in cash flow and earnings. The Company's objective in managing interest rate risk is to achieve a balance between minimizing borrowing costs over the long-term, ensuring that it meets borrowing covenants and ensuring that it meets other expectations and requirements of investors. As at June 30, 2014, with other variables unchanged, a 1% change in interest rates would impact the Company's net earnings by approximately $29,302 (March 31, 2014 - $23,970).

(continued)

15. Financial instrument risk management (continued)

Credit risk

Credit risk arises from accounts receivable. To alleviate the potential for risk concentration of accounts receivable, credit limits are established and monitored in light of changing counterparty and market conditions.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management oversees the Company's liquidity risk to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due. The Company's business requires such capital for operating purposes.

The assessment of the Company's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm specific and market conditions and the related behaviour of its members and counterparties.

Currency risk

The Company is not exposed to significant foreign currency risk.

Financial risk

The Company is exposed to financial risk because of the long period of time between the cash outflow required to plant grape vines, cultivate vineyards, and harvest grapes and the cash inflow from selling wine and related products from the harvested grapes. To ensure the Company has access to sufficient cash to meet its obligations, the Company has negotiated sufficient credit facilities to meet its needs. In addition, the Company regularly monitors working capital requirements and cash budgets.

16. Capital management

The Company's objective when managing capital is to safeguard the Company's ability as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on debt and credit facilities.

The Company's capital consists of cash and cash equivalents, bank indebtedness, equipment loans, bank loans and shareholders' equity. The primary uses of capital are to make increases to non-cash working capital and fund maintenance and growth related capital expenditures. In order to meet the Company's objectives in managing capital, the Company prepares annual budgets of cash, earnings and capital expenditures that are updated during the year as necessary. The annual budget is approved by the Board of Directors.

As part of the existing debt agreement, the Company is subject to externally imposed financial covenants. At June 30, 2014 and March 31, 2014 the Company is in violation of its debt covenant as stated in Note 12.

17. Related parties and management compensation

The Company's related parties include key management, as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Company entered into the following transactions with key management personnel, which are defined by IAS 24 *Related Party Disclosures*.

	2014	2013
Management fees	**$ 60,000**	$ 6,000

18. Post-reporting date events

Subsequent to year-end, the Contract entered into a contract estimated at $6.9M for the construction of a new winery facility. In addition, management is contemplating selling the assets and liabilities of the Company to another Company under common control.

ITEM 13 DATE AND CERTIFICATE

Dated: January 22, 2016

This Offering Memorandum does not contain a misrepresentation.

ENCORE VINEYARDS LTD.

Per: ______________________________
Name: Harry McWatters
Title: President and Chief Executive Officer

Per: ______________________________
Name: Julio Young
Title: Chief Financial Officer

On behalf of the board of directors of the Corporation:

____
Name: Robert Fraser
Title: Director

____
Name: Glen Vause
Title: Director

ENCORE VINEYARDS LTD.

Summerland, British Columbia

CONSOLIDATED FINANCIAL STATEMENTS - AMENDED

September 30, 2015

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the six months ended September 30, 2015.

The accompanying unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

ENCORE VINEYARDS LTD.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS - AMENDED
For the six month period ended September 30, 2015
and the period from incorporation on June 24, 2014 to September 30, 2014

	September 30, 2015 $	September 30, 2014 $
Revenue	413,136	-
Cost of sales	280,783	-
Gross profit	132,353	-
Expenses		
Advertising and promotion	151,537	-
Depreciation	115,458	-
Insurance	449	-
Interest and bank charges	14,554	1,453
Interest on loans	66,829	64
Management fees	90,000	-
Occupancy costs	38,720	-
Office and miscellaneous	14,224	277
Professional fees	42,109	-
Repairs and maintenance	5,806	-
Telephone and utilities	13,211	-
Travel and automotive	22,543	-
Wages and salaries	34,753	-
	610,193	1,794
Loss before other income	(477,840)	(1,794)
Other income	881	-
Net loss and comprehensive loss	(476,959)	(1,794)

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

ENCORE VINEYARDS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - AMENDED

For the six month period ended September 30, 2015
and the nine month period ended March 31, 2015

	Share Capital	Deficit	Total
Balance at beginning of period	$ -	$ -	$ -
Issue of common shares	27,000	-	27,000
Issue of Series A preferred shares	1,494,004	-	1,494,004
Share issue costs	(302,447)	-	(302,447)
Net loss and comprehensive loss	-	(372,539)	(372,539)
Series A preferred share dividends	-	(119,520)	(119,520)
Balance at March 31, 2015	1,218,557	(492,059)	726,498
Issue of common shares	-	-	-
Issue of Series A preferred shares	1,412,818	-	1,412,818
Share issue costs	(208,672)	-	(208,672)
Net loss and comprehensive loss	-	(476,959)	(476,959)
Balance at September 30, 2015	$ 2,422,703	$ (969,018)	$ 1,453,685

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

ENCORE VINEYARDS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - AMENDED

As at September 30, 2015 and March 31, 2015

	September 30, 2015 $	March 31, 2015 $
Assets		
Current		
Receivables (Note 4)	319,902	84,125
Prepaid expenses and deposits	63,118	50,283
Goods and services tax receivable	37,102	120,517
Inventory (Note 5)	2,293,276	1,535,624
Due from related parties (Note 6)	213,313	184,559
	2,926,711	1,975,108
Investment (Note 7)	20,000	-
Property, plant and equipment (Note 8)	11,572,278	10,770,025
Intangible asset	5,000	5,000
	14,523,989	12,750,133
Liabilities		
Current		
Bank indebtedness (Note 9)	500,825	735,335
Accounts payable and accrued liabilities (Note 10)	2,117,659	1,081,532
Unearned revenue	29,900	-
Deposits on preferred shares	57,500	190,491
Current portion - equipment finance leases (Note 11)	14,926	14,926
Current portion - callable debt (Note 12)	103,982	105,000
Due to related party (Note 6)	5,893	-
	2,830,685	2,127,284
Callable debt (Note 12)	3,217,072	2,873,804
	6,047,757	5,001,088
Equipment finance leases (Note 11)	22,801	22,801
Due to related party - note payable (Note 13)	6,999,746	6,999,746
	13,070,304	12,023,635
Shareholders' Equity		
Share capital (Note 14)	2,422,703	1,218,557
Deficit	(969,018)	(492,059)
	1,453,685	726,498
	14,523,989	12,750,133

Approved by Director:

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

ENCORE VINEYARDS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS - AMENDED
For the six month period ended September 30, 2015
and the period from incorporation on June 24, 2014 to September 30, 2014

	September 30, 2015 $	September 30, 2014 $
Cash provided by (used in):		
Operating activities		
Net loss and comprehensive loss	(476,959)	(1,794)
Non- cash expenses:		
Depreciation	115,458	-
	(361,501)	(1,794)
Changes in non-cash working capital balances		
Receivables and GST recoverable	(152,361)	-
Prepaid expenses	(12,835)	-
Inventory	(757,652)	-
Accounts payable	1,036,126	-
Unearned revenue	29,900	-
	(218,323)	(1,794)
Cash flows related to investing activities		
Purchase of property, plant and equipment	(917,711)	-
Purchase of investment	(20,000)	-
	(937,711)	-
Cash flows related to financing activities		
Issue of series A preferred shares	1,412,818	-
Share issue costs	(208,672)	-
Deposits on preferred shares	(132,991)	-
Net proceeds of debt	342,250	-
Due from related parties	(28,754)	-
Due to related parties	5,893	2,500
	1,390,544	2,500
Net decrease in bank indebtedness	234,510	706
Bank indebtedness, beginning	(735,335)	-
Bank indebtedness, ending	(500,825)	706
Bank indebtedness represented by:		
Cash on hand and balances with banks	11,725	706
Bank indebtedness	(512,550)	-
	(500,825)	706

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

Note 1 Nature of Operations

Encore Vineyards Ltd. ("the Company") was incorporated on June 24, 2014 under the Companies Act of British Columbia and produces and markets grapes and wine. The Company's head office is located at #7 - 7519 Prairie Valley Road, Summerland, BC.

These amended consolidated financial statements have been approved and authorized for issue by the Board of Directors on January 13, 2016. The financial statements, originally approved and authorized for issue on November 27, 2015 were amended to include additional expenditures incurred for Property, plant, and equipment.

Note 2 Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The Company's functional and presentation currency is the Canadian dollar.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

Basis of consolidation

The Company's financial statements consolidate those of the parent company and its wholly owned subsidiary 436167 B.C. Ltd. as at September 30, 2015. The subsidiary has a reporting date of December 31. The Company has consolidated the December 31, 2014 balances of 436167 B.C. Ltd. due to the Company being inactive and therefore no material transactions have occurred from December 31, 2014 to September 30, 2015.

Note 2 Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank indebtedness in current liabilities on the statement of financial position.

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition. The costs of conversion include costs directly related to units of production and other costs incurred to convert grapes into bulk wine and bottled wine.

Note 3 Summary of significant accounting policies (Continued)

Inventory - Continued

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the weighted-average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs sell.

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable. The cost of inventories may not be recoverable if those inventories have been damaged, become obsolete, selling prices have declined or their estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The amount of any write-downs of inventories to net realizable value and all losses of inventories are recognized as an expense, and included in cost of sales, in the period the write-down or loss occurs.

When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of a changed economic circumstance, the amount of write-down is reversed in the period of change.

The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories expense in the period in which the reversal occurs. The reversal is limited to the amount of the original write-down.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation of buildings, vineyard infrastructure and machinery and equipment is calculated on the declining balance basis. Depreciation of biological assets is calculated on the straight line basis. The depreciation rates are as follows:

Buildings	4%
Machinery and equipment	20%
Vineyard infrastructure	4%
Biological assets	30 years

Biological assets

The Company measures biological assets, consisting of grape vines, at cost less accumulated depreciation. A portion of the grapes the Company harvests are converted into bulk wine to be used in the production of wine and the remaining harvest is sold.

Agricultural produce, consisting of grapes grown on vineyards controlled by the Company, is measured at fair value less cost to sell at the point of harvest and becomes the basis for the cost of inventory after harvest. Gains or losses arising from a change in fair value less costs to sell are included in the consolidated statement of loss and comprehensive loss in the period in which they occur.

Note 3 Summary of significant accounting policies (Continued)

Financial instruments

The Company classifies its financial instruments into the following categories: loans and receivables, liabilities at amortized cost, available-for-sale investments and financial assets and liabilities at fair value through profit or loss.

The Company classifies payables and accruals, bank indebtedness, equipment loans and bank loans as liabilities at amortized cost. Payables and accruals are initially measured at the amount to be paid, which approximates fair value because of the short-term nature of these liabilities. Subsequently, they are measured at amortized cost. Bank indebtedness, equipment loans and bank loans debt are measured initially at fair value, net of transaction costs incurred, and subsequently at amortized costs using the effective interest method.

Receivables and due from shareholders' are classified as loans and receivables. Receivables are primarily amounts due from customers from the sale of goods or the rendering of services. The Company maintains an allowance for doubtful accounts to record an estimate of credit losses. When no recovery of an amount owing is possible, the receivable is reduced directly.

Transaction costs related to loans are netted against the carrying value of the liability and are then amortized over the expected life of the instrument using the effective interest method. The Company recognizes financial instruments when it becomes a party to the terms of the instrument and has elected to use "trade date" accounting for regular way purchases and sales of financial assets.

Embedded derivatives (elements of contracts whose cash flows move independently from the host contract similar to a stand-alone derivative) are required to be separated and measured at fair values if certain criteria are met. Management reviewed its contracts and determined that the Company does not currently have any embedded derivatives in these contracts that require separate accounting and disclosure.

Shareholders' equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.

Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or other items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Note 3 Summary of significant accounting policies (Continued)

Income taxes - Continued

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

Revenue

The Company records a sale when it has transferred the risks and rewards of ownership of the goods to the buyer; the Company has no continuing managerial involvement over the goods; it is probable that the consideration will be received by the Company; and the amount of revenue and costs related to the transaction can be measured reliably. For transactions with provincial liquor boards and licensee retail stores, the Company's terms are “FOB destination”. Accordingly, sales are recorded when the product reaches its destination. For transactions with wineries, the Company's terms are “FOB shipping point”. Accordingly, sales are recorded when the product is shipped from the Company's vineyard.

Product returns and discounts provided to customers are deducted from revenue.

Cost of goods sold

Cost of goods sold includes the cost of finished goods inventories sold during the year, inventory write-downs and other selling costs.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in interest on loans.

Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognized for future operating losses.

Note 3 Summary of significant accounting policies (Continued)

Provisions - Continued

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Judgements and estimates

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Judgements, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Information about significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expense are discussed below. In the future, actual experience may differ from these judgements, estimates and assumptions.

- Financial instruments

Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

- Allowance for doubtful receivables

Management determines the valuation of receivables considering a number of factors, including the length of time for past due accounts, the customer's ability to pay, the condition of the economy and other pertinent factors. At September 30, 2015 management has recognized an allowance for doubtful accounts of $nil.

- Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At March 31, 2015, management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in Note 8.

- Fair value of agricultural produce revenue

Management determines the fair value of agricultural produce revenue at the point of harvest by comparing market rates and past sales history for each grape variety grown. The agricultural produce revenue which has been valued at fair value is disclosed in the biological assets and agriculture produce revenue note above.

Note 3 Summary of significant accounting policies (Continued)

Judgements and estimates - Continued

- Inventory

Management estimates the net realizable values of inventory, taking into account the most reliable evidence available at each reporting date. The future realization of the inventory may be affected by future technology or other market-driven changes that may reduce future selling prices.

- Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

- Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Note 4 Receivables

	September 30, 2015 $	March 31, 2015 $
Trade receivable	153,916	74,125
Share subscription	165,986	10,000
	319,902	84,125

Note 5 Inventory

	September 30, 2015 $	March 31, 2015 $
Bulk wine	1,209,249	1,221,407
Packaged Wine	999,287	314,217
Grapes	73,301	-
Retail	11,439	-
	2,293,276	1,535,624

The grape inventory consists of grapes to be sold to third party non-related customers, grapes used for internal purposes are included with bulk wine inventory.

Note 6 Due from/ to related parties

	September 30, 2015 $	March 31, 2015 $
Due from related parties		
NRG Power Corporation, shareholder	166,433	137,035
Vintage Consulting Ltd., a company under common control	9,737	9,737
The Drinks List Merchant Ltd., a company under minority ownership	37,000	25,000
Encore Vintners Ltd., a company under common control	-	12,787
Bob Fraser, Director	143	-
	213,313	184,559
Due to related party		
Encore Vintners Ltd., a company under common control	5,893	-

Amounts due from/ to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Note 7 Investment

	September 30, 2015 $	March 31, 2015 $
Investment in The Drinks List Merchant Ltd. Company is subject to significant influence (33% of voting shares) and is accounted for using the equity method.	20,000	-

Note 8 Property, plant and equipment

	Cost $	Accumulated Depreciation $	September 30, 2015 Net $	March 31, 2015 Net $
Land	6,603,141	-	6,603,141	6,603,141
Buildings	2,342,181	4,028	2,338,153	2,006,304
Vineyard infrastructure	822,060	24,476	797,584	813,906
Biological assets	1,084,986	53,215	1,031,771	1,040,826
Machinery & Equipment	878,503	76,874	801,629	305,848
Net book value	11,730,871	158,593	11,572,278	10,770,025

Included with buildings is $1,877,642 for a winery under construction. No depreciation has been recorded on this asset as it is not yet available for use.

Note 9 Bank indebtedness

The Company has a demand credit facility for an authorized amount totaling $750,000 that bears interest at the Company's bank's prime rate plus 0.50%. As at September 30, 2015 the outstanding operating loan balance is $443,469.

Note 10 Accounts payable and accrued liabilities

	September 30, 2015 $	March 31, 2015 $
Trade payables	1,998,139	962,012
Accrued liabilities	119,520	119,520
	2,117,659	1,081,532

Note 11 Equipment finance leases

	September 30, 2015 $	March 31, 2015 $
2013 Kubota tractor	23,620	23,620
2011 Kubota tractor	14,107	14,107
	37,727	37,727
Less: Current portion	(14,926)	(14,926)
	22,801	22,801

The above loans are secured by the equipment to which the finance lease relates.

Note 12 Callable debt

	September 30, 2015 $	March 31, 2015 $
Bank of Montreal Demand loan #1, repayable at $5,167 per month including interest at bank prime rate plus 0.75% per annum, due August 1, 2037	924,489	938,953
Bank of Montreal Demand loan #2, repayable at $5,327 per month including interest at bank prime rate plus 0.75% per annum, due April 1, 2035	884,753	900,866
Bank of Montreal Demand loan #3, repayable at $3,657 per month including interest at bank prime rate plus 1.00% per annum, due May 1, 2034	575,778	586,671

Note 11 Callable debt (Continued)

	September 30, 2015 $	March 31, 2015 $
Bank of Montreal Demand loan #4, repayable at $2,625 per month including interest at bank prime rate plus 0.75% per annum, due April 1, 2035	443,529	451,339
Bank of Montreal Demand loan #5, interest only payments at bank prime rate plus 1.00% per annum, due February 1, 2023	492,505	100,975
	3,321,054	2,978,804
Less: Current portion	(103,982)	(105,000)
	3,217,072	2,873,804

As security for the long term debt, the Company has provided the following:

- General security agreement providing first security interest in all present and future assets of Encore Vineyards Ltd. and 436167 B.C. Ltd.;
- $2,000,000 joint and several personal guarantees from two directors; and
- $5,000,000 corporate guarantee executed by 436167 B.C. Ltd. to support first position $5,000,000 mortgage over Sundial Vineyard.

As part of the existing debt agreement, the Company is subject to externally imposed non-financial and financial covenants. Compliance with these covenants and the capital expenditure limit is monitored by management on a monthly basis.

Note 13 Due to related party - Note payable

	September 30, 2015 $	March 31, 2015 $
Encore Vintners Ltd., a company under common control	6,999,746	6,999,746

The promissory note bears interest at 1.00% per annum, is secured by a general security agreement and is due September 30, 2019

Note 14 Share capital

Authorized:	Unlimited	voting common shares without par value		
	Unlimited	non-voting Series A preferred shares without par value		
			September 30, 2015 $	March 31, 2015 $
Issued:	13,500,000	common shares	27,000	27,000
	4,091,822	Series A preferred shares	2,395,703	1,191,557
			2,422,703	1,218,557

Common shares

One common share represents one vote at the shareholders meeting.

Common share dividends may not be declared or paid at any time at which there is an accrued, unpaid balance of cumulative dividends outstanding on the Series A preferred shares unless the accrued, unpaid balance of cumulative dividends is paid first.

Series A preferred shares

At the discretion of the Board of Directors, the holders of the Series A Preferred shares may receive a fixed, annual cumulative dividend at a rate of 8% per preferred share, subject to the Business Corporations Act of British Columbia.

The Series A preferred shares are non-voting for a period of five years ("the Five Year Period") from the date of issue. Once the Five Year Period has ended the holder of the preferred share is entitled to vote; 1 Series A preferred share represents 1 vote.

After the Five Year Period, the outstanding Series A preferred shares are redeemable at the option of the Company by issuing a written Notice of Redemption and paying the redemption value.

The Series A preferred shares are convertible to common shares at a rate of $1 of Series A preferred shares for $1 of common shares upon completion of the Five Year Period. Holders of Series A preferred shares may exercise their Conversion Right by delivering a Notice of Conversion to the Company after the Five Year Period. If a notice of redemption is received from the Company after the Five Year Period, and the Series A preferred shareholders wish to exercise their conversion rights instead, they must exercise their rights by delivering a Conversion Notice to the Company within 10 days of receiving the notice of redemption.

At any time from the time Series A preferred shares are outstanding, if the Company subdivides, re-divides, changes, reduces, combines, or consolidates its common shares or issue by way of a stock dividend common shares or convertible securities, the number of Series A preferred shares issued shall be adjusted immediately by multiplying the number of Series A preferred shares outstanding at the time by a fraction of which the numerator shall be the total sum of common shares outstanding immediately after such date and the denominator shall be the total number of common shares outstanding immediately prior to such date.

Each holder of a Series A preferred share is entitled to receive a capital distribution on an equal basis with other classes of shares.

Note 15 Commitments

The Company entered into an agreement to lease a vineyard and winery from April 1, 2015 to March 31, 2016 for $32,800 per year. In addition, the Company will pay maintenance costs, certain specified utilities costs and 1% of the retail sales net of taxes to the lessor. These costs are expected to fluctuate month to month.

Note 16 Financial instruments classification and fair values

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- ♦ Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- ♦ Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- ♦ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

As at September 30, 2015, there are no financial instruments carried at fair value and consequently, no financial instruments categorized into Level's 1, 2 or 3 or transfers between Level 1 and 2 for the period then ended.

Note 17 Financial instruments risk management

The Company is exposed to various risks in relation to its financial instruments. The Company's financial assets and liabilities are summarized by category in Note 3. The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counter party to honour its financial or contractual obligation to the Company. Credit risk primarily arises from receivables and due from related parties. The Company's policy is to deal only with creditworthy counterparties.

The maximum exposure of the Company to credit risk is the carrying amount of the receivables and due from related parties disclosed on the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its bank indebtedness, payables and accruals, callable debt, equipment finance leases, due to related party and commitments.

Note 17 Financial instruments risk management (Continued)

Liquidity risk - Continued

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments. Given the current composition of callable debt and bank indebtedness, floating-rate instruments subject the Company to a cash flow risk.

Note 18 Capital management

The Company's objective when managing capital is to safeguard the Company's ability as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on its demand credit facility.

The Company's capital consists of bank indebtedness, equipment finance leases, callable debt, due to related party and shareholders' equity. The primary uses of capital are to make increases to non-cash working capital and fund maintenance and growth related capital expenditures. In order to meet the Company's objectives in managing capital, the Company prepares annual budgets of cash, earnings and capital expenditures that are updated during the year as necessary. The annual budget is approved by the Board of Directors.

As part of the existing debt agreement, the Company is subject to externally imposed financial covenants.

Note 19 Related party transactions

The Company's related parties include key management, as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

The Company entered into the following transactions with related parties, which are defined by IAS 24 Related party disclosure.

	September 30, 2015 $	September 30, 2014 $
NRG Power Corporation Ltd. - Marketing support fees	48,893	-
The Drinks List Merchant Ltd. - Commissions paid	19,880	-
Vintage Consulting Ltd. - Marketing costs and management fees	94,653	-
Key management compensation - Management salaries	30,000	-

These transactions are in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Grant Thornton

Consolidated Financial Statements

Encore Vineyards Ltd.

March 31, 2015

Contents

Independent auditors' report

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To the Shareholders of
Encore Vineyards Ltd.

We have audited the accompanying consolidated financial statements of Encore Vineyards Ltd. ("the Company"), which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Encore Vineyards Ltd. as at March 31, 2015, and its results of operations and its cash flows for the nine month period then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements. The financial statements have been prepared on a going concern basis because, as described in Note 2 below, based on current plans and strategies being pursued and implemented by the Company, the directors have a reasonable expectation that the Company will generate adequate cash flows and profitability which will allow the Company to continue its operations into the future. On this basis, the directors have maintained the going concern assumption in the preparation of the financial statements. The factors described above and as disclosed in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Grant Thornton LLP

Kelowna, Canada
November 10, 2015

Chartered Professional Accountants

Encore Vineyards Ltd.
Consolidated statement of financial position

March 31		2015
Assets		
Current		
Receivables (Note 5)	$	**204,642**
Deposits		**42,749**
Inventory (Note 6)		**1,535,624**
Prepaid expenses		**7,534**
Due from related parties (Note 7)		**184,559**
		1,975,108
Property, plant and equipment (Note 8)		**10,770,025**
Intangible asset		**5,000**
Total assets	$	**12,750,133**
Liabilities		
Current		
Bank indebtedness (Note 9)	$	**735,335**
Payables and accruals (Note 10)		**1,081,532**
Deposits on preferred shares		**190,491**
Current portion of equipment finance leases (Note 11)		**14,926**
Current portion of callable debt (Note 12)		**105,000**
		2,127,284
Callable debt (Note 12)		**2,873,804**
		5,001,088
Equipment finance leases (Note 11)		**22,801**
Due to related party (Note 13)		**6,999,746**
		12,023,635
Shareholders' equity		
Share capital (Note 14)		**1,218,557**
Deficit		**(492,059)**
		726,498
	$	**12,750,133**

Commitments (Note 16)
Subsequent events (Note 21)

On behalf of the Board

Director — Harry McWatters – November 10, 2015

Director — Bob Fraser – November 10, 2015

See accompanying notes to the consolidated financial statements

Encore Vineyards Ltd.

Consolidated statement of loss and comprehensive loss

Nine month period ended March 31		2015
Sales	$	**899,279**
Cost of sales		**420,192**
Gross profit		**479,087**
General and administrative expenses		
Advertising and promotion		**259,899**
Depreciation		**43,135**
Insurance		**6,219**
Interest and bank charges		**15,951**
Interest on loans		**99,853**
Management salaries		**120,000**
Office and miscellaneous		**18,031**
Professional fees		**49,641**
Repairs and maintenance		**5,593**
Telephone and utilities		**7,518**
Travel and automotive		**7,965**
		633,805
Loss before other income and expenses		**(154,718)**
Other income and expenses		
Interest and other		**1,295**
Loss on acquisition (Note 4)		**(102,195)**
Acquisition costs (Note 4)		**(116,921)**
		(217,821)
Net loss and comprehensive loss	$	**(372,539)**

See accompanying notes to the consolidated financial statements

Encore Vineyards Ltd.

Consolidated statement of changes in shareholders' equity

Nine month period ended March 31, 2015

	Share capital	Deficit	Total
Balance at beginning of period	$ -	$ -	**$ -**
Issue of common shares	27,000	-	**27,000**
Issue of Series A preferred shares	1,494,004	-	**1,494,004**
Share issue costs	(302,447)	-	**(302,447)**
Net loss and comprehensive loss	-	(372,539)	**(372,539)**
Series A preferred share dividends	-	(119,520)	**(119,520)**
Balance at March 31, 2015	**$ 1,218,557**	**$ (492,059)**	**$ 726,498**

See accompanying notes to the consolidated financial statements

Encore Vineyards Ltd.

Consolidated statement of cash flows

Nine month period ended March 31		2015
(Decrease) increase in bank indebtedness		
Operating activities		
Net loss and comprehensive loss	$	**(372,539)**
Adjustment for non-cash item:		
Depreciation		**43,135**
Loss on acquisition		**102,195**
		(227,209)
Changes in non-cash operating working capital		
Receivables		**(156,712)**
Inventory		**(677,029)**
Prepaids		**(3,035)**
Payables and accruals		**926,251**
		(137,734)
Financing activities		
Due from related parties		**(184,559)**
Issue of share capital		**1,521,004**
Share issue costs		**(302,447)**
Deposits on preferred shares		**190,491**
Proceeds of debt		**100,975**
Repayment of debt		**(45,140)**
Repayment of equipment loan		**(3,936)**
		1,276,388
Investing activities		
Purchase of property, plant and equipment		**(1,753,603)**
Intangible asset		**(5,000)**
Deposits		**(42,749)**
		(1,801,352)
Net increase in bank indebtedness		**(662,698)**
Bank indebtedness, beginning of period		**-**
Bank indebtedness acquired (Note 4)		**(72,637)**
Bank indebtedness, end of period	$	**(735,335)**

Bank indebtedness consists of		
Cash	$	**3,367**
Bank indebtedness		**(738,702)**
	$	**(735,335)**

Non-cash transactions		
Acquisition of net assets (Note 4)	$	**6,999,746**
Dividends	$	**119,520**

See accompanying notes to the consolidated financial statements

1. Nature of operations

Encore Vineyards Ltd. ("the Company") was incorporated on June 24, 2014 under the Companies Act of British Columbia and produces and markets grapes and wine. The Company's head office is located at #7 - 7519 Prairie Valley Road, Summerland, BC.

These consolidated financial statements have been approved and authorized for issue by the Board of Directors on November 10, 2015.

2. Basis of presentation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The Company's functional and presentation currency is the Canadian dollar.

These are the Company's first consolidated financial statements which have been prepared in accordance with IFRSs and IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

The Company has chosen to early adopt the Amendment to IAS 16 and IAS 41 with a date of initial application of June 24, 2014. The Amendment requires the Company to account for its biological assets in accordance with IAS 16 Property, Plant and Equipment resulting in the biological assets being depreciated over their useful life in accordance with the Company's depreciation policy as disclosed in Note 3. The Amendment also requires that the Company account for agricultural produce at fair value in accordance with IAS 41 Agriculture.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Going concern

The Company reported a loss of $372,539, has a working capital deficiency of $3,025,980 and is in breach of its debt service coverage ratio covenant as disclosed in Note 12. The key risks to the Company's sustainability are the ability to increase cash flows through preferred share equity raises, obtain additional debt financing and increase wine revenues.

To increase revenues the Company has expanded the number of sales locations and is also pursuing opportunities to expand outside of British Columbia. In addition, the Company has leased a second winery to increase wine production.

The directors of the Company believe the current plans and strategies will result in the Company achieving sufficient cash flows to continue operating into the future and on that basis, the directors have maintained the going concern assumption in the preparation of these consolidated financial statements.

3. Summary of significant accounting policies

Basis of consolidation

The Company's financial statements consolidate those of the parent company and its wholly owned subsidiary 436167 B.C. Ltd. as at March 31, 2015. The subsidiary has a reporting date of December 31. The Company has consolidated the December 31, 2014 balances of 436167 B.C. Ltd. due to the Company being inactive and therefore no material transactions have occurred from December 31, 2014 to March 31, 2015.

Business combinations

The Company applies the acquisition method in accounting for business combinations with non-related parties. The consideration transferred by the Company to obtain control of a business is calculated as the sum of the acquisition-date fair values of assets transferred and liabilities assumed.

When measuring consideration transferred in a business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or a liability is remeasured at fair value when the contingency is resolved with any gain or loss recognized in the consolidated statement of loss and comprehensive loss.

Business combinations between related parties where there is no change in ultimate control are measured using the predecessor value method and goodwill is not recognized on the transaction.

Acquisition costs are expensed as incurred.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are initially measured at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities is as described below.

(continued)

3. **Summary of significant accounting policies** (continued)

Financial instruments (continued)

a) Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in net loss or in other comprehensive loss.

At least at each reporting date, all financial assets except for those at fair value through profit or loss are subject to a review for impairment. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in net loss are presented within the consolidated statement of loss and comprehensive loss.

- Loans and receivables

  Receivables and due from related parties that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market have been designated as loans and receivables.

  Loans and receivables are subsequently measured at amortized cost, using the effective interest rate method, less any impairment.

  If there is objective evidence that an impairment loss on receivables or due from related parties has occurred, the amount of the loss is recognized in the consolidated statement of loss and comprehensive loss and is measured as the difference between the carrying amount and the present value of expected cash flows discounted at the amounts original effective interest rate; short term balances are not discounted.

(continued)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

a) Financial assets (continued)

- Loans and receivables (continued)

  The Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The expected future cash outflows for a group of financial assets with similar credit risk characteristics are estimated based on historical loss experience.

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss.

- Held-to-maturity investments

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity.

  Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined for example by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company currently does not have any financial assets in this category.

(continued)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

a) Financial assets (continued)

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss.

  Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized. The Company currently does not have any financial assets in this category.

b) Bad debts written off

Receivables are written off from time to time as determined by management when it is reasonable to expect that the recovery of the amount is unlikely. Bad debts are written off against the allowance, if an allowance had previously been recognized. If no allowance had been recognized, the write offs are recognized as expenses in profit or loss.

c) Financial liabilities

The Company's financial liabilities include bank indebtedness, payables and accruals, callable debt, equipment finance leases and due to related party.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss. The Company has no liabilities classified as fair value through profit or loss.

(continued)

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within bank indebtedness in current liabilities on the statement of financial position.

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition. The costs of conversion include costs directly related to units of production and other costs incurred to convert grapes into bulk wine and bottled wine.

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the weighted-average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs sell.

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable. The cost of inventories may not be recoverable if those inventories have been damaged, become obsolete, selling prices have declined or their estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The amount of any write-downs of inventories to net realizable value and all losses of inventories are recognized as an expense, and included in cost of sales, in the period the write-down or loss occurs.

When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of a changed economic circumstance, the amount of write-down is reversed in the period of change.

The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories expense in the period in which the reversal occurs. The reversal is limited to the amount of the original write-down.

(continued)

3. Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation of buildings, vineyard infrastructure and machinery and equipment is calculated on the declining balance basis. Depreciation of biological assets is calculated on the straight-line basis. The depreciation rates are as follows:

Buildings	4%
Vineyard infrastructure	4%
Machinery and equipment	20%
Biological assets	30 years

Biological assets and agriculture produce revenue

The Company measures biological assets, consisting of grape vines, at cost less accumulated depreciation. A portion of the grapes the Company harvests are converted into bulk wine to be used in the production of wine and the remaining harvest is sold.

Agricultural produce, consisting of grapes grown on vineyards controlled by the Company, is measured at fair value less cost to sell at the point of harvest and becomes the basis for the cost of inventory after harvest. Gains or losses arising from a change in fair value less costs to sell are included in the consolidated statement of loss and comprehensive loss in the period in which they occur.

At March 31, 2015 the Company realized $485,257 of income for grapes harvested and used in production of bulk wine.

Impairment of long-lived assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount, which is the higher of the value in use and fair value less costs to sell.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows. Impairment charges are included in net loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

(continued)

3. Summary of significant accounting policies (continued)

Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

The interest element of lease payments is charged to profit or loss as finance costs over the life of the lease. See the property, plant and equipment policy above for depreciation methods and useful lives of assets held under finance leases.

Shareholders' equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.

Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or other items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

(continued)

3. Summary of significant accounting policies (continued)

Income taxes (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered

Revenue

The Company records a sale when it has transferred the risks and rewards of ownership of the goods to the buyer; the Company has no continuing managerial involvement over the goods; it is probable that the consideration will be received by the Company; and the amount of revenue and costs related to the transaction can be measured reliably. For transactions with provincial liquor boards and licensee retail stores, the Company's terms are "FOB destination". Accordingly, sales are recorded when the product reaches its destination. For transactions with wineries, the Company's terms are "FOB shipping point". Accordingly, sales are recorded when the product is shipped from the Company's vineyard.

Product returns and discounts provided to customers are deducted from revenue.

Cost of goods sold

Cost of goods sold includes the cost of finished goods inventories sold during the year, inventory write-downs and other selling costs.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in interest on loans.

(continued)

3. Summary of significant accounting policies (continued)

Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Judgements and estimates

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Judgements, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Information about significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expense are discussed below. In the future, actual experience may differ from these judgements, estimates and assumptions.

a) Financial instruments

Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

(continued)

3. Summary of significant accounting policies (continued)

Judgements and estimates (continued)

b) Allowance for doubtful receivables

Management determines the valuation of receivables considering a number of factors, including the length of time for past due accounts, the customer's ability to pay, the condition of the economy and other pertinent factors. At March 31, 2015 management has recognized an allowance for doubtful accounts of $nil.

c) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At March 31, 2015, management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in Note 8.

d) Fair value of agricultural produce revenue

Management determines the fair value of agricultural produce revenue at the point of harvest by comparing market rates and past sales history for each grape variety grown. The agricultural produce revenue which has been valued at fair value is disclosed in the biological assets and agriculture produce revenue note above.

e) Inventory

Management estimates the net realizable values of inventory, taking into account the most reliable evidence available at each reporting date. The future realization of the inventory may be affected by future technology or other market-driven changes that may reduce future selling prices.

f) Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

g) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(continued)

3. Summary of significant accounting policies (continued)

Standards, amendments and interpretations not yet effective

At the date of authorization of these consolidated financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on the standards which are expected to be relevant to the Company's financial statements is provided below.

- **IFRS 9 Financial Instruments**

  IFRS 9 is part of phase I of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. All financial assets that are currently in the scope of IAS 39 will be classified as either amortized cost or fair value. The available for sale, held-to-maturity, and loans and receivables categories will no longer exist. Classification of financial assets is based on an entity's business model for managing the financial assets and their contractual cash flow characteristics. Reclassifications between the two categories are prohibited unless there is a change in the Company's business model. The Company is currently evaluating the impact of this standard.

  Effective for annual periods beginning on or after January 1, 2018.

- **IFRS 15 Revenue from Contracts with Customers**

  IFRS 15 replaces IAS 18 *Revenue,* IAS 11 *Construction Contracts* and some revenue-related Interpretations; establishes a new control-based revenue recognition model; changes the basis for deciding whether revenue is to be recognized over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue.

  IFRS 15 applies to contracts with customers to provide goods or services, including construction contracts and licensing of intellectual property. It will not apply to certain contracts within the scope of other IFRSs such as lease contracts, insurance contracts, financing arrangements, financial instruments, guarantees other than product warranties, and non-monetary exchanges between entities in the same line of business to facilitate sales to third-party customers. The Company is currently evaluating the impact of this standard.

  Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

4. Acquisition

On September 30, 2014 the Company acquired the assets and liabilities of Encore Vintners Ltd., a company under common control. The predecessor value method was used to account for this acquisition in accordance with the Company's business combination policy for related party acquisitions. The details of the combination are as follows:

Fair value of consideration transferred:	
Amount settled by note payable	$ 6,999,746
Recognized amounts of identifiable net assets:	
Receivables	$ 47,828
Inventory	858,594
Prepaids	4,499
Total current assets	$ 910,921
Investment in 436167 B.C. Ltd.	$ 51
Property, plant and equipment	9,059,557
Total non-current assets	$ 9,059,608
Bank indebtedness	$ 72,637
Payables and accruals	35,710
Total current liabilities	$ 108,347
Long term debt	$ 2,922,968
Equipment finance leases	41,663
Total non-current liabilities	$ 2,964,631
Total identifiable net assets	**$ 6,897,551**
Loss on acquisition	**$ 102,195**
Consideration transferred settled by note payable	$ 6,999,746
Bank indebtedness acquired	72,637
Net cash outflow on acquisition	$ 7,072,383
Acquisition costs charged to general and administrative expenses	$ 116,921

Loss on acquisition

The loss on acquisition arises as a result of accounting for the business combination using the predecessor value method in accordance with the Company's business combination policy for combinations with related parties. Under the predecessor value method the assets and liabilities purchased are recorded at their value immediately preceding the purchase and the difference between the agreed upon purchase price of the assets and liabilities and the value of the assets and liabilities immediately preceding the purchase is recorded as a gain or loss on acquisition.

5. Receivables

		2015
Trade receivables	$	74,125
GST recoverable		120,517
Share subscription		10,000
	$	204,642

6. Inventory

		2015
Bulk wine	$	1,221,407
Packaged wine		314,217
	$	1,535,624

The cost of inventory recognized as an expense and included in cost of sales is $50,048.

Inventory is not pledged as security except as disclosed in Note 12.

7. Due from related parties

Amounts due from related parties:

		2015
NRG Power Corporation, shareholder	$	137,035
Encore Vintners Ltd., a company under common control		12,787
Vintage Consulting Ltd., a company under common control		9,737
The Drinks List Merchant Ltd., a company related via commonalities in ownership		25,000
	$	184,559

Included in payables and accruals are the following amounts due to related parties:

Bob Wareham, Director	$	3,797
Bob Fraser, Director	$	3,641
Vintage Consulting Ltd., a company under common control	$	7,782
The Drinks List Merchant Ltd., a company under common control	$	3,348

Amounts due from/to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

8. Property, plant and equipment

	Land	Buildings	Vineyard infrastructure	Biological assets	Machinery and equipment	**Total**
Cost						
Balance at beginning of period	$ -	$ -	$ -	$ -	$ -	$ -
Additions	6,603,141	2,007,634	822,059	1,058,319	322,007	10,813,160
Disposals	-	-	-	-	-	-
Balance at March 31, 2015	**$ 6,603,141**	**$ 2,007,634**	**$ 822,059**	**$ 1,058,319**	**$ 322,007**	**$ 10,813,160**
Accumulated depreciation						
Balance at beginning of period	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	-	1,330	8,153	17,493	16,159	43,135
Balance at March 31, 2015	$ **-**	**$ 1,330**	**$ 8,153**	**$ 17,493**	**$ 16,159**	**$ 43,135**
Net book value						
March 31, 2015	**$ 6,603,141**	**$ 2,006,304**	**$ 813,906**	**$ 1,040,826**	**$ 305,848**	**$ 10,770,025**

Included in building additions are $1,873,443 of additions for a winery under construction. No depreciation has been recorded on these additions as they are not yet available for use.

Included in machinery and equipment are assets with a net book value of $67,537 that were purchased under a finance lease.

9. Bank indebtedness

The Company has a demand credit facility for an authorized amount totalling $750,000 that bears interest at the Company's bank's prime rate plus 0.50%. As at March 31, 2015 the outstanding operating loan balance is $717,191.

Security for the operating demand loan is as disclosed in Note 12.

10. Payables and accruals

	2015
Trade payables	$ 962,012
Accrued liabilities	119,520
	$ 1,081,532

11. Equipment finance leases

	2015
2013 Kubota tractor	$ 23,620
2011 Kubota tractor	14,107
	37,727
Less: current portion	(14,926)
	$ 22,801

The above loans are secured by the equipment to which the finance lease relates. Annual principal repayments are as follows:

2016	$ 14,926
2017	$ 14,927
2018	$ 7,874

12. Callable debt

	2015
Bank of Montreal Demand Loan #1, repayable at $5,167 per month including interest at bank prime rate plus 0.75% per annum, due August 1, 2037	$ 938,953
Bank of Montreal Demand Loan #2, repayable at $5,327 per month including interest at bank prime rate plus 0.75% per annum, due April 1, 2035	900,866
	1,839,819

(continued)

12. Callable debt (continued)	**2015**
Subtotal from previous page	**$ 1,839,819**
Bank of Montreal Demand Loan #3, repayable at $3,657 per month including interest at bank prime rate plus 1.00% per annum, due May 1, 2034	**586,671**
Bank of Montreal Demand Loan #4, repayable at $2,625 per month including interest at bank prime rate plus 0.75% per annum, due April 1, 2035	**451,339**
Bank of Montreal Demand Loan #5, interest only payments at bank prime rate plus 1.00% per annum, due February 1, 2023	**100,975**
	2,978,804
Less: current portion	**(105,000)**
	$ 2,873,804

As security for the demand loans, the Company has provided the following:

- General security agreement providing first security interest in all present and future assets of Encore Vineyards Ltd. and 436167 B.C. Ltd.;
- $2,000,000 joint and several personal guarantees from two directors; and
- $5,000,000 corporate guarantee executed by 436167 B.C. Ltd. to support first position $5,000,000 mortgage over Sundial Vineyard.

As part of the existing debt agreement, the Company is subject to externally imposed non-financial and financial covenants. Compliance with these covenants and the capital expenditure limit is monitored by management on a monthly basis. At March 31, 2015 the Company is in violation of its debt service coverage ratio and as a result all associated demand loans have been classified as callable. The Company's plans and strategies to rectify this breach are disclosed in Note 2.

If the demand loans are not called, the scheduled principal repayments over the next five years are as follows:

2016	$ 105,000
2017	$ 108,000
2018	$ 112,000
2019	$ 116,000
2020	$ 120,000
Subsequent years	$ 2,417,804

13. Due to related party

	2015
Encore Vintners Ltd., a company under common control	$ 6,999,746

The promissory note bears interest at 1.00% per annum, is secured by a general security agreement and is due September 30, 2019.

14. Share capital

Authorized

Unlimited voting common shares without par value
Unlimited non-voting Series A preferred shares without par value

Issued

		2015
13,500,000	common shares	$ 27,000
2,649,004	Series A preferred shares	1,191,557
		$ 1,218,557

Share issue costs of $302,447 have been deducted from preferred shares.

Common shares
One common share represents one vote at the shareholders meeting.

Common share dividends may not be declared or paid at any time at which there is an accrued, unpaid balance of cumulative dividends outstanding on the Series A preferred shares unless the accrued, unpaid balance of cumulative dividends is paid first.

Series A preferred shares
The aggregate redemption value of the Series A preferred shares is $1,613,524.

At the discretion of the Board of Directors, the holders of the Series A Preferred shares may receive a fixed, annual cumulative dividend at a rate of 8% per preferred share, subject to the Business Corporations Act of British Columbia.

The Series A preferred shares are non-voting for a period of five years (“the Five Year Period”) from the date of issue. Once the Five Year Period has ended the holder of the preferred share is entitled to vote; 1 Series A preferred share represents 1 vote.

After the Five Year Period, the outstanding Series A preferred shares are redeemable at the option of the Company by issuing a written Notice of Redemption and paying the redemption value.

(continued)

14. Share capital (continued)

Series A preferred shares (continued)
Upon receiving a written Notice of Redemption, the Series A preferred shares which are subject to the Notice of Redemption may be converted into common shares prior to the redemption date at the option of the holder. In the event that the holder of the Series A preferred shares which are subject to the Notice of Redemption decides to convert the Series A preferred shares into common shares prior to the redemption date, the holder of the Series A preferred shares must convert all those shares which are subject to redemption into common shares and a pro-rata conversion of Series A preferred shares to common shares is not allowed. The preferred shares are convertible into common shares at a rate of $1 of Series A preferred shares for $1 of common shares.

At any time from the time Series A preferred shares are outstanding, if the Company subdivides, re-divides, changes, reduces, combines, or consolidates its common shares or issue by way of a stock dividend common shares or convertible securities, the number of Series A preferred shares issued shall be adjusted immediately by multiplying the number of Series A preferred shares outstanding at the time by a fraction of which the numerator shall be the total sum of common shares outstanding immediately after such date and the denominator shall be the total number of common shares outstanding immediately prior to such date.

Each holder of a Series A preferred share is entitled to receive a capital distribution on an equal basis with other classes of shares.

15. Deferred tax

The movement in the 2015 deferred tax asset is:

Balance at beginning of period	**$ -**
Temporary difference of property, plant and equipment	**(8,138)**
Share issue costs	**34,544**
Reorganization costs	**11,200**
Loss on acquisition	**9,790**
Unused tax losses	**101,004**
Other	**571**
	148,971
Less: valuation allowance	**(148,971)**
	$ -

Unused tax losses carried forward of $754,397 expire March 31, 2035.

16. Commitments

The Company entered into an agreement to purchase winery equipment in the amount of $227,499. A deposit of $22,749 has been paid on this equipment.

The Company entered into an agreement to purchase an investment in The Drinks List Merchant Ltd., a company related via commonalities in ownership. A deposit of $20,000 has been paid on these shares.

The Company entered into an agreement to lease a vineyard and winery from April 1, 2015 to March 31, 2016 for $32,800 per year. In addition, the Company will pay maintenance costs, certain specified utilities costs and 1% of the retail sales net of taxes to the lessor. These costs are expected to fluctuate month to month.

17. Financial instrument classification and fair values

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

As at March 31, 2015, there are no financial instruments carried at fair value and consequently, no financial instruments categorized into Level's 1, 2 or 3 or transfers between Level 1 and 2 for the period then ended.

18. Financial instrument risk management

The Company is exposed to various risks in relation to its financial instruments. The Company's financial assets and liabilities are summarized by category in Note 3. The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counter party to honour its financial or contractual obligation to the Company. Credit risk primarily arises from receivables and due from related parties. The Company's policy is to deal only with creditworthy counterparties.

The maximum exposure of the Company to credit risk is the carrying amount of the receivables and due from related parties disclosed on the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its bank indebtedness, payables and accruals, callable debt, equipment finance leases, due to related party and commitments.

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments. Given the current composition of callable debt and bank indebtedness, floating-rate instruments subject the Company to a cash flow risk.

19. Capital management

The Company's objective when managing capital is to safeguard the Company's ability as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on its demand credit facility.

The Company's capital consists of bank indebtedness, equipment finance leases, callable debt, due to related party and shareholders' equity. The primary uses of capital are to make increases to non-cash working capital and fund maintenance and growth related capital expenditures. In order to meet the Company's objectives in managing capital, the Company prepares annual budgets of cash, earnings and capital expenditures that are updated during the year as necessary. The annual budget is approved by the Board of Directors.

As part of the existing debt agreement, the Company is subject to externally imposed financial covenants. At March 31, 2015 the Company is in violation of certain debt covenants as stated in Note 12.

20. Related party transactions

The Company's related parties include key management, as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

The Company entered into the following transactions with related parties, which are defined by IAS 24 *Related Party Disclosures.*

		2015
NRG Power Corporation Ltd.		
Commissions paid	**$**	**168,449**
Marketing support fees	**$**	**201,579**
Encore Vintners Ltd.		
Purchase of assets	**$**	**6,999,746**
The Drinks List Merchant Ltd.		
Commissions paid	**$**	**12,408**
Vintage Consulting Ltd.		
Marketing costs	**$**	**13,500**
Key management compensation		
Management salaries	**$**	**120,000**

These transactions have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

21. Subsequent events

Subsequent to year end the Company issued an additional 1,517,818 of Series A preferred shares for $1,487,818 and drew an additional $391,530 of debt on the Bank of Montreal Demand Loan #5.

ITEM 13 DATE AND CERTIFICATE

Dated: January 22, 2016

This Offering Memorandum does not contain a misrepresentation.

ENCORE VINEYARDS LTD.

Per: ______________________________
Name: Harry McWatters
Title: President and Chief Executive Officer

Per: ______________________________
Name: Julio Young
Title: Chief Financial Officer

On behalf of the board of directors of the Corporation:

____
Name: Robert Fraser
Title: Director

____
Name: Glen Vause
Title: Director

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