

Form 45-110F1
Offering Document



Item 1: RISKS OF INVESTING

- 1.1 **No securities regulatory authority or regulator has assessed, reviewed, or approved the merits of these securities or reviewed this Offering Document. Any representation to the contrary is an offence. This is a risky investment.**
- 1.2 **The forecasts and predictions of an early-stage business are difficult to objectively analyze or confirm. Forward-looking statements represent the opinion of the Issuer only and may not prove to be reasonable.**

Item 2: THE ISSUER

2.1 The Issuer

- | | |
|---------------------|---|
| (a) Full legal name | Forbidden Distillery Inc. |
| (b) Head office | 4400 Wallace Hill Road, Kelowna, BC V1W 4C3 |
| (c) Phone number | 1 (250) 764-6011 |
| (d) Email address | team@forbiddenspirits.ca |
| (e) Website | https://forbiddenspirits.ca |

2.2 Representative of the Issuer

- | | |
|----------------------|---|
| (a) Full legal name | Charles BLAIR Wilson |
| (b) Position/title | President, CEO and Director |
| (c) Business address | 4400 Wallace Hill Road, Kelowna, BC V1W 4C3 |
| (d) Phone number | 1 (250) 317-0996 |
| (e) Email address | blair@forbiddenspirits.ca |

Item 3: ISSUER'S BUSINESS

- 3.1 Forbidden Distillery Inc. (doing business as “*Forbidden Spirits Distilling Co*”, and herein also referred to as the “*Issuer*”, “*Company*” or “*Forbidden*”) is a craft distillery founded by partners Blair and Kelly Wilson in 2014. Licensed in BC to manufacture, bottle and sell its alcohol, Forbidden is currently producing vodka, gin, brandy and whisky, which it sells to retail customers directly from its tasting room and to wholesale customers such as restaurants, hotels, golf courses, and beer, wine and spirits stores through distributors and sale agents.

Operations

Forbidden completed construction of its distillery and tasting room in December of 2018. The land, as well as Forbidden's warehouse and office, is leased from a non-arms length company, Apple Orchard RV Ltd. ("**Apple Orchard**"), an RV park, campground, and apple farm controlled by Kelly Wilson, co-founder of the Issuer.

Forbidden's production method begins with locally grown hand-picked apples, crushed and juiced, and then fermented with its proprietary yeast blend for 10-14 days, then distilled 25 times in single batches in custom-built Kothe German-made still and blended with our filtered water. The spirits are then bottled, boxed, and ready for distribution. The production is overseen by Forbidden's master distillers, Richard Grasmuck and Alastair Richards. In addition, Forbidden employs up to fourteen part-time and seasonal employees to staff the tasting room and facilitate retail sales, and has two additional full-time employees, Suzanne Jones, VP Operations, and Cara Wilson Lang, VP Brand Development.

Products and Brands

"Rebel Vodka" is Forbidden's main brand. Other brands include "Forbidden Spirits Vodka", "Eve's Original Gin", "Adam's Apple Brandy", and "Wallace Hill Whisky". Commencing in March 2020 with the onset of the COVID-19 pandemic, Forbidden also began to manufacture and sell "Serpent Hand & Surface Sanitizer".

Forbidden currently sells its brands in British Columbia through a third-party liquor agent. This third-party liquor agent is arms length and is compensated on a commission basis only. Forbidden's marketing efforts are currently closely linked with this liquor agent and dedicated to in-store programming with a premium pricing model.

Forbidden owns the trademark for "Rebel Vodka", "Forbidden Spirits Vodka", "Eve's Original Gin" and "Adam's Apple Brandy" as well as the wordmark for its inverted apple press cross logo, as illustrated on the first page of this Offering Document.

Competitive Conditions

Forbidden competes with craft distilleries located in BC and in Canada as well as international distillers of vodka, gin, brandy, and ready to drink beverages. Within Forbidden's price point its current primary competition for ultra premium vodka includes international brands such as Grey Goose, Chopin, Ciroc and Crystal Head. Forbidden expects the increasing preference and popularity of craft distilleries to drive additional investment into the industry by newcomers as well as international distillers. While this may increase direct competition for Forbidden, it also expects to capitalize on this opportunity, through its asset-light strategy of outsourcing production to under-utilized or unutilized distillers.

Growth and Expansion

Forbidden's products are currently only available in BC, but distribution to Alberta, Saskatchewan, and Ontario is anticipated by Q2 of 2022. Product expansion is planned for this time as well, with the release of "Vodka and Eve's Original Gin" as well as a new ready-to drink "Rebel Vodka & Soda" and "Eve's Gin & Tonic".

Through strategic initiatives, such as distribution partnerships, manufacturing and licensing agreements, and possible acquisitions, Forbidden seeks to expand its brands to markets including US states such as California, Florida and Texas, and international markets including China and Romania. Additionally, Forbidden is looking to expand sales through Carrefour France's world leading retail company into France, Germany and the United Kingdom.

Management and Key Personnel

The sole director of Forbidden is Blair Wilson, who is also Chief Executive Officer, President and co-founder. Blair is also president of Canadian ecoEquity Corp. ("*ecoEquity*") a private leasing company, which he founded in 1991 and has operated since. In addition, he is CEO, director, and founder of Spartan Acquisition Corp. ("*Spartan*", see "*Proposed Amalgamation with Spartan Acquisition Corp.*" below) and Genesis Acquisition Corp. ("*Genesis*"), which are currently listed on the TSX Venture Exchange ("*TSXV*" or the "*Exchange*") under the stock symbols "VDKA.P" and "REBL.P", respectively. Both Spartan and Genesis are "*Capital Pool Companies*" as defined Policy 2.4 *Capital Pool Companies* of the Exchange (the "*Exchange Policies*"). Between 1994 and 1996, Blair was CFO of Pan Smak Pizza Inc., a company traded on what was then the Vancouver Stock Exchange.

Kelly Wilson is also a co-founder and serves as Forbidden's Corporate Secretary. She is also president and director of Apple Orchard since she incorporated it in 1989. Kelly is also the Corporate Secretary of Spartan and Genesis Acquisition Corp.

On October 1, 2020, Forbidden retained the services of Terese Gieselman, through her management company, Minco Corporate Management Inc. to provide services to fulfill the role of Chief Financial Officer to Forbidden, as well as Spartan. Ms. Gieselman has over 34 years of experience with companies trading on the TSXV or Canadian Securities Exchange (CSE) and is currently the officer or director of ten issuers on those exchanges. Her expertise is in corporate and financial reporting and compliance for Canada and the US.

See "*Proposed Management of the Resulting Issuer*" below for information regarding the proposed officers and directors of the Resulting Issuer in the event the Amalgamation of Spartan and Forbidden is completed.

Proposed Amalgamation with Spartan Acquisition Corp. *

On November 20, 2020, Spartan and Forbidden entered into an amalgamation agreement (as may be amended, the “**Amalgamation Agreement**”) pursuant to which, among other things, Spartan agreed to amalgamate with Forbidden (the “**Amalgamation**”) to continue as a reporting British Columbia entity trading under the stock symbol “VDKA” on the TSXV (the “**Resulting Issuer**”). The Amalgamation is intended to constitute as Spartan’s “**Qualifying Transaction**” as such term in the Exchange Policies.

Conditional to the Amalgamation, Forbidden must complete a concurrent financing through the issuance of Subscription Receipts, for minimum gross proceeds of \$3,600,000 (12,000,000 Subscription Receipts) and up to a maximum of \$4,500,000 (15,000,000 Subscription Receipts) (the “**Concurrent Financing**”). As of the date of this Offering Document, the Company has issued 12,820,466 securities under the Concurrent Financing, comprised of 10,795,153 Subscription Receipts issued for gross proceeds of \$3,238,545.90 and 2,025,313 Subscription Receipts issued for the settlement of \$607,594 in outstanding indebtedness to Blair and Kelly Wilson.

The Subscription Receipts are governed by a subscription receipt agreement between the Company, Spartan, and TSX Trust Company (the “**Subscription Receipt Agent**”) (as may be amended, the “**Subscription Receipt Agreement**”). Pursuant to the Subscription Receipt Agreement, the aggregate gross proceeds from the sales of Subscription Receipts are to be delivered to and held by the Subscription Receipt Agent in its capacity as an escrow agent. Funds will only be released upon satisfaction of the “**Escrow Release Conditions**” as set forth therein, which includes, among other conditions, conditional approval by the Exchange for the listing of the Resulting Issuer Shares.

As Blair Wilson is the CEO of both Forbidden and Spartan, the Amalgamation is a “**Non-Arm’s Length Qualifying Transaction**” as defined in the Exchange Policies. Therefore, it must be approved by not less than two-thirds of the votes cast at the relevant shareholder meetings. In addition, the “**Majority of the Minority**” approval will be required from disinterested Spartan shareholders, if any. It is expected that the meetings to conduct votes on these and other resolutions will occur no later than November 25, 2021 (the “**Shareholder Meetings**”) and a management information circular will be provided to applicable shareholders and filed at the proper time (the “**Info Circular**”).

* Capitalized terms used in this Offering Document but not defined shall have their respective meanings as set forth in the Amalgamation Agreement or Subscription Receipt Agreement, as the context may require. For additional clarity, the information in this Offering Document as it relates to the proposed Amalgamation is a summary of the information contained in the agreements and elsewhere, and does not represent any additional condition, representation, term, or warranty of Forbidden, Spartan, the Sub Receipt Agent, or other party, as may be applicable.

If all requisite approvals are obtained and if the other conditions to the Amalgamation becoming effective are satisfied or waived, it is expected that the Amalgamation will become effective on or about November 30, 2021 (the “*Effective Date*”). However, given the nature of these transactions as well as the uncertainty created by the current COVID-19 pandemic and other factors beyond Spartan’s control, it is possible that the completion of the Amalgamation may be delayed beyond November 30, 2021, and there can be no assurance that the Amalgamation will be completed on the terms proposed in the Amalgamation Agreement or at all.

The closing of the Amalgamation and completion of the Qualifying Transaction will be noted by a bulletin posted by the Exchange, evidencing the final Exchange acceptance of the Qualifying Transaction (the “*Final Exchange Bulletin*”).

Pursuant to the completion Amalgamation, securities of Forbidden and Spartan will be automatically exchanged into shares of the Resulting Issuer (the “*Resulting Issuer Shares*”) at ratios (the “*Exchange Ratios*”) set out in Table 3.1 below.

Forbidden Class A	Forbidden Class B	Forbidden Class C	Forbidden Class D	Spartan shares
Twenty-four (24) shares	Four (4) shares	Four (4) shares	One (1) share	One (1) share

Table 3.1: Exchange Ratio of each one (1) security into a Resulting Issuer share

Subject to any extension as permitted in the Subscription Receipt Agreement, if the Amalgamation is not completed prior to December 31, 2021, or is cancelled on an earlier date (the “*Release Deadline*”), the Sub Receipt Agent shall, within five business days of the Release Deadline return all funds to holders of Subscription Receipts pursuant to the procedure and terms contained in the Subscription Receipt Agreement.

Proposed Management of the Resulting Issuer

As of the Effective Date, subject to the resolution passing the necessary shareholder vote at the Shareholder Meetings, the directors of the Resulting Issuer will be: Blair Wilson, Terese Gieselman, Krisi Miller, Maya Kanigan, and Eugene Hodgson.

Ms. Miller has been providing mid-market businesses with relationship-focused, strategic financing and advice for more than twenty years.

In addition to serving on the board of Douglas College, Kristi currently serves on a number of corporate and non-profit boards, including Douglas College and Junior Achievement of BC.

For the past 20 years, Ms. Kanigan has been creating and directing solutions to advance women in leadership. In 2001, she founded the Women in Leadership Foundation, a non-profit organization dedicated to advancing women in leadership positions and creating a platform to promote diverse & inclusive workplaces, with chapters in seven Canadian cities.

Mr. Hodgson brings 30 years of private and public sector experience to his position. Mr. Hodgson has held a number of senior positions in both the public sector, for the Northwest Territories and BC governments and private industry and has served as director of various corporations and is the former Chair of the Board of Governors of Vancouver Community College. He has extensive experience as a board member of publicly traded companies and is currently the director and/or officer of 11 issuers on the TSXV or CSE.

3.2 The Issuer is organized under the laws of the *Business Corporations Act* (British Columbia) (the “*Act*”); its incorporation number is BC0992356, and it was incorporated on January 29, 2014.

3.3 The Issuer’s articles of incorporation are available upon request to support@frontfundr.com. Spartan, as may be required as a “reporting issuer”, may file and make available certain documents to SEDAR, accessible on www.sedar.com.

3.4 The Issuer (select all that apply):

- has never conducted operations.
- is in the development stage.
- is currently conducting operations.

3.5 Financial statements are available upon request to support@frontfundr.com.

Information for purchasers: If you receive financial statements from an Issuer conducting a Start-Up Crowdfunding Distribution, you should know that those financial statements have not been provided to or reviewed by a securities regulatory authority or regulator. They are not part of this Offering Document. You should also consider seeking advice from an accountant or independent financial adviser about the information in the financial statements.

3.6 Authorized share structure of the Issuer as of the date of this Offering Document

Authorized Classes	Number of shares outstanding
Class “A” Voting Common Shares	960,000
Class “B” Non-Voting Common Shares	2,010,500
Class “C” Non-Voting Preferred Shares	2,303,500
Class “D” Non-Voting Common Shares	-

<i>Total shares outstanding</i>	<i>5,274,000</i>
Outstanding Convertible Securities	Number of securities outstanding
Options to purchase Class “A” shares	95,986
Options to purchase Class “A” shares	215,742
Options to purchase Class “A” shares	215,742
<i>Total options outstanding</i>	<i>527,470</i>
Fully diluted capitalization of the Issuer	5,801,470
Securities issued pursuant to the Amalgamation	
Subscription Receipts	12,820,466 ⁽¹⁾
Subscription Receipts issued pursuant to the conversion of indebtedness to Blair and Kelly Wilson	2,025,313
Broker warrants ⁽²⁾	595,959

(1) Includes 2,025,313 Subscription Receipts issued upon the settlement of indebtedness to Blair and Kelly Wilson.

(2) Broker warrants are exercisable into Resulting Issuer Shares at \$0.50 per share and subject to the same Acceleration Clause as the offered security, as described in **Item 5.5**. FrontFundr is entitled to receive broker warrants equal to 8% of total subscriptions processed by FrontFundr – see **Item 8**.

Item 4: MANAGEMENT

4.1 Information for each founder, director, officer, and control person (“*Executive*”) of the Issuer, Resulting Issuer, and Spartan is contained in the proceeding table.

IMPORTANT NOTES TO THE TABLE

Information presented regarding the Resulting Issuer is provided for convenience only and is not intended to be an authoritative representation of the Resulting Issuer. Exact capitalization of the Resulting Issuer is dependent on the total amount closed in the Concurrent Financing and other terms and conditions and described in the relevant documents and filings.

In this table,

- (i) the “*Applicable Date*” shall mean for information regarding:
 - a. the Issuer (Forbidden) and Spartan, the date of this Offering Document, (October 18, 2021), and
 - b. the Resulting Issuer, the date of the Final Exchange Bulletin, in which:
 - i. the Maximum Concurrent Financing was raised (\$4,500,000), and
 - ii. the Option Grant was approved by Spartan Shareholders.

- (ii) “**Exchange Ratio**” shall mean the conversion ratios as set out **Table 3.1**.
- (iii) “**F/D**” shall mean ‘fully diluted’ (capitalization), as applicable.
- (iv) “**Option Grant**” shall mean the issuance to the Executives of the Resulting Issuer of an aggregate 996,000 options to purchase Reporting Issuer shares granted upon the completion of the Qualifying Transaction and approved by the Spartan Shareholders.
- (v) “**Receipts**” shall mean the security offered in the Concurrent Financing and this Offering, the “Subscription Receipts”.

TABLE 4.1 CONTAINED BELOW ON PAGES 9 – 13 FOR FORMATTING PURPOSES

TABLE 4.1 - INFORMATION FOR EACH EXECUTIVE

Full legal name, residence, and position	Principal occupation for the last five years	Relevant experience, expertise, education, and experience	Number and type of securities owned	Date securities acquired and price paid for the securities	Ownership of securities as the Applicable Date
Information for each Executive of THE ISSUER (Forbidden Distillery Inc.)					
<p>Charles Blair Wilson Kelowna, BC</p> <p><i>Chief Executive Officer, President, Director, and Co-founder</i></p>	<p>CEO of Forbidden Distillery Inc., Spartan Acquisition Corp., Genesis Acquisition Corp., and Canadian ecoEquity Corp.</p>	<p>CEO of two capital pool companies currently listed on the TSXV (Spartan and Genesis), and former CFO of Pan Smak Pizza Inc. (1994 – 1996), a company listed on the former Vancouver Stock Exchange.</p> <p>Member of Parliament for West Vancouver - Sunshine Coast - Sea to Sky Country (2004 – 2006).</p> <p>He was as a member of the Chartered Professional Accountants of British Columbia until his resignation in 2016.</p>	<p><u>Forbidden:</u> Class A shares: 480,000 Class A options: 47,993 Class B options: 107,871 Class C options: 107,871 Receipts: 1,013,257</p>	<p><u>Forbidden:</u> Shares: Jan 2014 for \$0.026 per share. Options: 2014 – 2019 resolutions. ⁽¹⁾ Receipts: April 2021 at \$0.30 per receipt. ⁽²⁾</p>	<p><u>Forbidden:</u> Undiluted: 9.1% ⁽³⁾</p> <p>F/D: 12.8% ⁽⁴⁾</p>
			<p><u>Spartan:</u> Shares: 250,000 Options: 162,809</p>	<p><u>Spartan:</u> Shares: Nov 2019 for \$0.10 per share Options: Aug 2020 resolution. ⁽⁵⁾</p>	<p><u>Spartan:</u> Undiluted: 5.2% ⁽⁶⁾</p> <p>F/D: 7.6% ⁽⁷⁾</p>
			<p><u>Resulting Issuer:</u> ⁽⁸⁾ Shares: 12,783,257 Warrants: 506,628 Options: 2,777,609 ⁽⁹⁾</p>	<p><u>Resulting Issuer:</u> Pursuant to Exchange Ratio conversions and the Option Grant.</p>	<p><u>Resulting Issuer:</u> Undiluted: 20.38% ⁽¹⁰⁾</p> <p>F/D: 20.18% ⁽¹¹⁾</p>
<p>Kelly Janine Wilson Kelowna, BC</p> <p><i>Vice President, Corporate Secretary, and Co-founder</i></p>	<p>VP & co-founder of Forbidden Distillery Inc. and President of Apple Orchard RV Ltd.</p>	<p>President and Director of Apple Orchard, a private RV camping ground in Kelowna since March 1989.</p> <p>She is also the Corporate Secretary of Forbidden, Spartan, and Genesis.</p>	<p><u>Forbidden:</u> Class A shares: 480,000 Class A options: 47,993 Class B options: 107,871 Class C options: 107,871 Receipts: 1,013,257</p>	<p><u>Forbidden:</u> Shares: Jan 2014 for \$0.026 per share. Options: 2014 – 2019 resolutions. Receipts: April 2021 at \$0.30 per receipt.</p>	<p><u>Forbidden:</u> Undiluted: 9.1%</p> <p>F/D: 12.8%</p>
			<p><u>Spartan:</u> Shares: 250,000 Options: 86,193</p>	<p><u>Spartan:</u> Shares: Nov 2019 for \$0.10 per share</p>	<p><u>Spartan:</u> Undiluted: 5.2%</p> <p>F/D: 6.2%</p>

TABLE 4.1 - INFORMATION FOR EACH EXECUTIVE

				Options: Aug 2020 resolution.	
			Resulting Issuer: Shares: 12,783,257 Warrants: 506,628 Options: 2,400,903	Resulting Issuer: Pursuant to Exchange Ratio conversions and the Option Grant.	Resulting Issuer: Undiluted: 20.38% F/D: 19.71%
Terese Gieselman West Kelowna, BC <i>Chief Financial Officer</i>	CFO and consultant through Minco Corporate Management Inc.	34 years of experience with junior mining and exploration companies listed on the TSX, TSXV, OTCBB, NASDAQ and AMEX, in the roles of CFO, Treasurer, Corporate Secretary and director. ⁽¹²⁾	<i>No Forbidden securities currently held ⁽¹³⁾</i>		
			<i>No Spartan securities held</i>		
			Resulting Issuer: Options: 24,000	Resulting Issuer: Pursuant to the Option Grant.	Resulting Issuer: Undiluted: 0% F/D: 0%
Information for each Executive of THE RESULTING ISSUER					
Blair Wilson <i>CEO & director</i>	<i>See above "Information for each Executive of THE ISSUER"</i>				
Kelly Wilson <i>Corporate Secretary</i>	<i>See above "Information for each Executive of THE ISSUER"</i>				
Terese Gieselman <i>CFO & director</i>	<i>See above "Information for each Executive of THE ISSUER"</i>				
Eugene Hodgson Vancouver, BC <i>Director</i>	Corporate Director, financial and public policy/government affairs advisor.	Extensive experience as an Executive of publicly traded companies – is currently an Executive of Spartan, Genesis, junior miners, other capital pool companies, technology companies, and investment issuers. ⁽¹⁴⁾ Public	<i>No Forbidden currently securities held</i>		
			Spartan: Shares: 50,000 Options: 57,462	Spartan: Shares: Apr 2020 for \$0.10 per share. Options: Aug 2020 resolution.	Spartan: Undiluted: 1.0% F/D: 2.0%
			Resulting Issuer:	Resulting Issuer:	Resulting Issuer:

TABLE 4.1 - INFORMATION FOR EACH EXECUTIVE

		sector experience includes senior positions with BC and NWT governments.	Shares: 50,000 Options: 24,000	Pursuant to Exchange Ratio conversions and the Option Grant.	Undiluted: 0.1% F/D: 0.2%
Kristi Miller Vancouver, BC <i>Director</i>	Founder of First West Capital and Senior Investment Manager of Vancity Capital Corp	Serving on the board of Douglas College, Private Debt Partners, Aisle (formerly Lunapads), Junior Achievement of BC and other corporations and non-profits.	<i>No Forbidden securities currently held</i>		
			<i>No Spartan securities held</i>		
			Resulting Issuer: Options: 24,000	Resulting Issuer: Pursuant to the Option Grant.	Resulting Issuer: Undiluted: 0% F/D: 0%
Maya Kanigan Kelowna, BC <i>Director</i>	Founder and President of Women in Leadership Foundation (WILF)	In 2001 founded Women in Leadership Foundation dedicated to advancing women in leadership positions. Currently has chapters in 7 Canadian cities.	<i>No Forbidden securities currently held</i>		
			<i>No Spartan securities held</i>		
			Resulting Issuer: Options: 24,000	Resulting Issuer: Pursuant to the Option Grant.	Resulting Issuer: Undiluted: 0% F/D: 0%
Information for each Executive of SPARTAN ACQUISITION CORP.					
Blair Wilson <i>CEO & director</i>	<i>See above "Information for each Executive of THE ISSUER"</i>				
Kelly Wilson <i>Corporate Secretary</i>	<i>See above "Information for each Executive of THE ISSUER"</i>				
Eugene Hodgson <i>Director</i>	<i>See above "Information for each Executive of THE RESULTING ISSUER"</i>				
Karen Danard Kelowna, BC <i>Director (15)</i>	Director of Spartan and Genesis Acquisition Corp.	Executive assistant at FHC Enterprises Ltd., a private company that owns and operates a chain of retail stores throughout Western	Forbidden: Class B shares: 29,000 Class C shares: 18,000	Forbidden: \$1.00 per share between Dec 21 2018 - Feb 2019.	Forbidden: Undiluted: 0.9% F/D: 0.8%
			Spartan:	Spartan:	Spartan:

TABLE 4.1 - INFORMATION FOR EACH EXECUTIVE

		Canada since February 1994.	Shares: 250,000 Options: 86,193	Shares: Nov 2019 for \$0.10 per share. Options: April 2020 resolution.	Undiluted: 5.2% F/D: 6.2%
			<u>Resulting Issuer:</u> Shares: 438,000 Options: 86,193	<u>Resulting Issuer:</u> Pursuant to Exchange Ratio conversions.	<u>Resulting Issuer:</u> Undiluted: 0.7% F/D: 0.7%

Notes to Table 4.1

- (1) Forbidden options are exercisable at \$0.25 per share and have an expiry date of ten years from grant.
- (2) Securities for Services Based on a fully diluted capitalization of 5,801,470 Forbidden shares
- (3) Based on an undiluted capitalization of 5,274,000 Forbidden shares.
- (4) Based on a fully diluted capitalization of 5,801,470 Forbidden shares
- (5) Spartan options are exercisable at \$0.20 per share and have an expiry date of ten years from grant.
- (6) Based on an undiluted capitalization of 4,788,500 Forbidden shares.
- (7) Based on a fully diluted capitalization of 5,455,007 Forbidden shares
- (8) Certain Resulting Issuer securities of Executives and other principals are subject to escrow provisions as defined in the Amalgamation Agreement.
- (9) Resulting Issuer options granted under the Option Grant are exercisable at \$0.30 per share and have an expiry date of ten years from grant.
- (10) Based on an undiluted capitalization of 62,711,013 Resulting Issuer shares.
- (11) Based on a fully diluted capitalization of 79,616,377 Resulting Issuer shares
- (12) Eugene Hodson's complete list of reporting issuer experience is available on the System for Disclosure by Insiders (SEDI) accessible at www.sedi.ca.
- (13) Executives may purchase securities under this in this offering.
- (14) Terese Gieselman's complete list of reporting issuer experience is available on SEDI.
- (15) Karen Danard will be retiring as director of Spartan upon the completion of the Amalgamation.

4.2 No person listed in Item 4.1 or the Issuer:

- a) has ever pleaded guilty to or been found guilty of:
 - i. a summary conviction or indictable offence under the Criminal Code,
 - ii. a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
 - iii. a misdemeanor or felony under the criminal legislation of the United States of America, or any state or territory therein, or
 - iv. an offence under the criminal legislation of any other foreign jurisdiction,
- b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by, or has entered into a settlement agreement with, a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last 10 years related to:
 - i. the person's involvement in any securities, insurance, or banking activity, or
 - ii. a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct,
- c) is or has been the subject of an order, judgment, decree, sanction, or administrative penalty imposed by a discipline committee, professional order or administrative court of Canada or a foreign jurisdiction in the last ten years related to any professional misconduct,
- d) is or has ever been the subject of a bankruptcy or insolvency proceeding, or
- e) is a director, officer, founder or control person of a person or company that is or has been subject to a proceeding described in paragraph (a), (b), (c) or (d) above.

Item 5: CROWDFUNDING DISTRIBUTION

- 5.1 The Company has engaged FrontFundr Financial Services Inc. ("**FrontFundr**") as the online funding portal (the "**Funding Portal**") for distributions pursuant to National Instrument 45-110 *Start-Up Crowdfunding Registration and Prospectus Exemptions (NI 45-110)* (the "**Crowdfunding Distribution**") and as agent for distributions pursuant to other available prospectus exemptions as described in National Instrument 45-106 *Prospectus Exemptions (NI 45-106)* (together with the Crowdfunding Distribution, the "**Offering**"). FrontFundr is an exempt market dealer and is wholly owned by Silver Maple Ventures Inc.
- 5.2 The Issuer intends to raise funds for this Offering in all jurisdictions pursuant to exemptions available to it under NI 45-106. As required by *Part 1, Section 2(5)(a)* of NI 45-110, an offering document must be made available in French in order to facilitate a Crowdfunding Distribution to Quebec purchasers. Accordingly, this Offering Document, as drawn up in English, will be available only in the following jurisdictions:

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> British Columbia | <input checked="" type="checkbox"/> Ontario | <input type="checkbox"/> Newfoundland and Labrador |
| <input checked="" type="checkbox"/> Alberta | <input type="checkbox"/> Quebec | <input type="checkbox"/> Northwest Territories |
| <input checked="" type="checkbox"/> Saskatchewan | <input checked="" type="checkbox"/> New Brunswick | <input type="checkbox"/> Nunavut |
| <input checked="" type="checkbox"/> Manitoba | <input checked="" type="checkbox"/> Nova Scotia | <input type="checkbox"/> Yukon |

5.3 Information regarding the crowdfunding distribution:

- (a) The date by which the Issuer must have raised the minimum offering amount as provided in **Item 5.7** for the closing of this crowdfunding distribution, is January 16, 2022.
- (b) This Offering Document has not been previously amended.

5.4 The securities being offered are:

- Common shares
- Non-convertible preference shares
- Securities convertible into common shares: **Subscription Receipts** (the “*Sub Receipts*”)
- Securities convertible into non-convertible preference shares
- Non-convertible debt linked to a fixed interest rate
- Non-convertible debt linked to a floating interest rate
- Limited partnership units
- Shares in the capital of an association

5.5 The securities offered have the following rights, restrictions, and conditions:

- Voting rights: **Yes**
- Holders of Subscription Receipts have the right to vote on limited matters as defined in the Subscription Receipt Agreement, including the ability to extend the Release Deadline. Any resolution authoring the extension of the Amalgamation period would need to pass as an extraordinary resolution, requiring the affirmative vote of not less than 66⅔% of the votes cast.
 - The Resulting Issuer Shares received in the event the Amalgamation is completed entitles the holder to notice of, and to attend and cast vote at, each meeting of shareholders on the basis of one vote for each Resulting Issuer Share held.
- Dividends or interests: *Upon exchange*
- The holders of Subscription Receipts are not entitled to dividends.
 - The holders of the Resulting Issuer Shares will be entitled to receive dividends, if, as and when declared by the Resulting Issuer Board.
- Rights on dissolution: *Upon exchange*
- The holders of Subscription Receipts are not entitled to participate in the allocation and distribution upon the dissolution or liquidation of the Issuer.

- The holders of Resulting Issuer Shares will have the right to share equally in the remaining property and assets of the Resulting Issuer upon liquidation, dissolution or winding-up.

Conversion rights: Yes

- Upon satisfaction of the Release Conditions each Subscription Receipt shall be deemed to be exercised, without payment of any additional consideration and subject to adjustment, for one unit (the “*Unit*” or “*Forbidden Unit*”) of the Issuer, which Unit will be comprised of one (1) Class “D” Share and one-half of one Class “D” Share purchase warrant of the Corporation (each whole Class “D” Share purchase warrant, a “*Warrant*”). Each Class “D” Share and Warrant will immediately be exchanged, pursuant to the Amalgamation without payment of any additional consideration and subject to adjustment, into one (1) common share in the capital of the Resulting Issuer (a “*Resulting Issuer Share*”) and one (1) common share purchase warrant of the Resulting Issuer (a “*Resulting Issuer Warrant*”). Each Resulting Issuer Warrant shall be exercisable to acquire one Resulting Issuer Share (a “*Resulting Issuer Warrant Share*”) at a price per Resulting Issuer Warrant Share of CDN\$0.50 for a period of 24 months from the Closing Date (the “*Expiry Time*”). Notwithstanding the foregoing, if, at any time after the closing of the Offering the volume weighted average daily trading price of the Resulting Issuer Shares on the TSXV, or an alternative Canadian stock exchange, for 10 consecutive trading days is CDN\$0.75 per Resulting Issuer Share or higher, the Resulting Issuer may accelerate the Expiry Time and require the Resulting Issuer Warrant to be exercised by the date that is not later than thirty (30) days from the date of such notice failing which the Resulting Issuer Warrant shall expire (the “*Acceleration Clause*”).

Tag-along rights: No

Drag-along rights: No

Pre-emptive rights: No

Other: Yes

- **There are many material restrictions, terms, and conditions of the Subscription Receipts, the Forbidden Units, and the Resulting Issuer Shares, some as described herein. For full information on the securities, prospective investors are encouraged to review this Offering Document, the Subscription Receipt Agreement, the Subscription Agreement for Subscription Receipts, and any other referenced agreements and documents in their entirety.**

5.6 Other material restrictions or conditions:

- Gross funds will be distributed from the Funding Portal (FrontFundr – see **Item 5.1**) to the Escrow Agent after the closing date(s) that is provided on the Issuer’s FrontFundr deal page (www.frontfundr.com/forbiddenspirits). If the proposed Amalgamation does

not proceed by the Release Deadline, the Escrow Agent will cause all funds to be returned to purchasers.

5.7 Information about the offering:

	Amount (CAD)	Number of securities issuable
Minimum offering amount	\$3,600,000 ⁽¹⁾ ⁽²⁾	12,000,000 Subscription Receipts
Maximum offering amount	\$4,500,000 ⁽³⁾	15,000,000 Subscription Receipts
Price per security	\$0.30	
Minimum subscription per purchaser	\$250.20	843 Subscription Receipts

- (1) Between February 2021 and the date of this Offering Document, Forbidden has issued 12,820,466 Subscription Receipts pursuant to the Concurrent Financing.
- (2) Pursuant to NI 45-110, an issuer may raise aggregate gross proceeds of up to \$1,500,000 in a 12-month period. In order to raise the minimum proceeds necessary for Forbidden to close this distribution the Issuer will use other available prospectus exemptions.
- (3) Subject to the Issuer deeming it prudent to amend the Amalgamation Agreement or any other agreement or document it deems necessary, as the case may be, the Issuer may accept more than the maximum offering amount at its sole discretion.

5.8 **Note: The minimum offering amount stated in this Offering Document may be satisfied with funds that are unconditionally available to Forbidden Distillery Inc. that are raised using other prospectus exemptions.**

Item 6: USE OF FUNDS

6.1 The funding history of the Issuer:

Date	Approx. gross amount	How the funds were raised	Prospectus exemption used ⁽¹⁾	Use of funds
Oct 2021	\$369,000	Non-brokered private placements of Subscription Receipts	Accredited investor (AI) & Family, friends, and business associates (FFBA)	In escrow – will be used as per Item 6.2
Apr 2021	\$1,184,556 ⁽²⁾	<i>As above</i>	AI & FFBA	<i>As above</i>
Mar 2021	\$330,750 ⁽³⁾	<i>As above</i>	AI	<i>As above</i>
Feb 2021	\$1,354,600	<i>As above</i>	AI & FFBA	<i>As above</i>
May 2020	\$500,000	Demand loan from TD Bank (monthly payments)	N/A	Sales, marketing, manufacturing,

		of prime + 2.25%, general security agreement)		G&A
April 2020	\$60,000	Commercial loan (non- interest bearing, unsecured) (CEBA)	N/A	<i>As above</i>
Nov 2020	\$229,000	Non-brokered private placements of shares	AI & FFBA	<i>As above</i>
Jan 2020	\$50,000	<i>As above</i>	<i>As above</i>	<i>As above</i>
Dec 2019	\$242,000	<i>As above</i>	<i>As above</i>	<i>As above</i>
Sep 2019	\$150,000	Convertible note - arms length lender (2% per annum)	N/A	Construction of distillery, purchase of assets, start-up costs
Aug 2019	\$283,500	Non-brokered private placements of shares	AI & FFBA	<i>As above</i>
Feb 2019	\$253,000	<i>As above</i>	<i>As above</i>	<i>As above</i>
2018	\$423,500	<i>As above</i>	<i>As above</i>	<i>As above</i>
2017	\$150,000	Commercial loan (9% per annum compounding monthly, unsecured)	N/A	Start-up costs
2017	\$208,500	Non-brokered private placements of shares	Private issuer	Start-up costs
2016	\$174,000	<i>As above</i>	<i>As above</i>	Start-up costs

- (1) Terms used in this column refer to applicable prospectus exemptions as defined in NI 45-106.
- (2) Does not include \$297,403 in indebtedness incurred since inception to Blair and Kelly Wilson that was converted into the offered Subscription Receipts at this time.
- (3) Does not include \$309,651 in indebtedness incurred since inception to Blair and Kelly Wilson that was converted into the offered Subscription Receipts at this time.

6.2 Use of proceeds from this offering:

Description of intended use of funds listed in order or priority	Amount in the minimum offering	Amount in the maximum offering
Brand Building ⁽¹⁾	\$1,380,110	\$1,725,138
Sales and Marketing Support ⁽²⁾	\$1,380,110	\$1,725,138
Product Extensions ⁽³⁾	\$367,963	\$459,954
Expanding Manufacturing Base ⁽⁴⁾	\$91,742	\$114,678
Expanding Sales Agency Base ⁽⁵⁾	\$91,742	\$114,678

Offering costs – trade fees ⁽⁶⁾	\$288,000	\$360,000
Total	\$3,600,000	\$4,500,000

- (1) **Brand Building** - The Company intends to invest between \$1,380,110 and \$1,725,138, depending on the eventual result of this offering, on brand building over a 24-month period following receipt of funds. Forbidden’s brand building investment will be focused on three specific core campaigns: REBEL Vodka - “Be a REBEL”, and Eve’s Original Gin - “Taste the Apple”, and Forbidden Spirits Vodka – “The World’s Smoothest Vodka.” Platforms will include expanded label, bottle and package design and focus on in-store branding and digital marketing through Instagram, Spotify, and Facebook as well as including special event sponsorships and exclusive pouring rights. Part of this brand building budget will be allocated overseas to the EU and China marketplace.
- (2) **Sales and Marketing** - The Company intends to invest between \$1,380,110 and \$1,725,138, depending on the eventual result of this offering on sales and marketing initiatives over a 24-month period following receipt of funds. Forbidden’s sales and marketing investments will be focused on two unique attributes that set us apart from all other vodkas or gins. Forbidden’s marketing strategy will be based on 5 key areas:
 - i) Word of Mouth – in store and event driven tasting booths, that will lead to
 - ii) A Direct Emotional Connection to our customers which is supported by our bottle and label design and all marketing materials,
 - iii) Engage with a local and global audience via social media,
 - iv) Set our brands apart by focusing on “World’s Best”, and
 - v) Sponsor events that provide pouring or tasting opportunities that create not just customers but lifelong brand ambassadors. Part of this sales and marketing budget will also be allocated overseas in the EU market and in the China market.
- (3) **Product Extensions** - The Company intends to invest between \$367,963 and \$459,954, depending on the eventual result of this offering, on product extensions over a 24-month period following receipt of funds. Forbidden’s proposed product extensions include ready-to-drink products such as a canned versions of Rebel & Soda and Eve’s Gin & Tonic flavoured with various fruits and botanicals as well a bottled versions of lime cocktail mix and lavender lime cocktail mix – both of which are paired with Rebel Vodka and Eve’s Gin.
- (4) **Expanding Manufacturing Base** - The Company intends to invest between \$91,742 and \$114,678, depending on the eventual result of this offering, on expanding its manufacturing base over a 24-month period following receipt of funds. Forbidden’s expanding of its manufacturing base includes the development of partnerships with other craft distillers in Ontario and Quebec to facilitate and execute on our various co-packing agreements.
- (5) **Expanding Sales Agency Base** - The Company intends to invest between \$91,742 and \$114,678, depending on the eventual result of this offering, on expanding our sales agency base over a 24-month period following receipt of funds. Forbidden’s expanding of its sales agency base includes the development of partnerships with liquor agents in Alberta, Ontario, and Quebec to facilitate and execute the sale and distribution of our brands in each respective province.
- (6) **Trade Fees** - Specific trade fees presented are for illustrative purposes only. FrontFundr is entitled to a trade fee only on eligible investments. For more information see **Item 8**.

Item 7: PREVIOUS START-UP CROWDFUNDING DISTRIBUTIONS

7.1 The Issuer has not raised under a previous Start-Up Crowdfunding Distribution.

Item 8: COMPENSATION PAID TO THE FUNDING PORTAL

- 8.1 Pursuant to an agency agreement dated February 3, 2021 (the “*Agency Agreement*”), the Company has engaged FrontFundr to act as its non-exclusive sales, marketing and administrative agent in connection with the offering and to provide certain related services to the Company. In this role, among other things, FrontFundr will use its best efforts to identify investors to purchase the eligible securities as part of this offering.

Pursuant to the Agency Agreement, the Company has paid FrontFundr an onboarding fee of \$5,000 and a service fee of \$5,000 for the drafting of offering materials. Upon a closing under this offering, the Company will pay FrontFundr a trade fee per subscription equal to the greater of \$25.00 or eight percent (8%) of the subscription. Additionally, the Company will issue warrants entitling FrontFundr to purchase that number of shares of the Resulting Issuer as is equal to eight percent (8%) of the gross proceeds processed by FrontFundr, at a price of \$0.50 per share and exercisable for a period of two (2) years from issuance, subject to the same Acceleration Clause as the offered security, as described in **Item 5.5**.

Item 9: RISK FACTORS

- 9.1 There are certain risks inherent the activities of Forbidden and in an investment in the Subscription Receipts and the underlying Forbidden Units, which investors should carefully consider before making an investment. The following is a summary only of some of the risk factors. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on Forbidden’s business, and/or the return to the purchasers. Forbidden advises prospective purchasers to review the risks relating to an investment in the Subscription Receipts with their legal and financial advisors.

The headings contained in this section are for reference purposes only and shall not affect the meaning or interpretation of the risks described herein (*i.e.*, a risk under the header “Financial Risks” is not exclusively a financial risk). References to “Forbidden” in this section should be read as the “Resulting Issuer” in the event the Amalgamation is completed.

The risk factors outlined herein are not a definitive list of all risk factors associated with an investment in the eligible securities offered hereunder and purchasers are cautioned that they may lose their entire investment.

SPECIAL NOTE REGARDING COVID-19

The global COVID-19 pandemic and containment measures taken in response to it have adversely impacted our business, results of operations and financial condition, and may continue to do so depending on future developments, which are uncertain.

Global health concerns relating to the COVID-19 outbreak have impacted the macroeconomic environment, and the outbreak has significantly increased economic uncertainty. The outbreak resulted in governments in countries across the globe implementing measures to try to contain the virus, such as travel restrictions, social distancing, and restrictions on business operations which have impacted consumers and businesses. These measures have adversely impacted and may further impact our workforce and operations and the operations of our customers, suppliers and business partners. While some of these measures have eased in certain jurisdictions, others have remained in place. The extent to which current measures are removed or new measures are put in place will depend how the pandemic evolves, as well as the progress of the global roll-out and acceptance of vaccines.

The spread of COVID-19 has caused us to modify our business practices (including limiting the number of individuals permitted in the tasting room at one time, employee travel, employee work locations, and working in a remote environment), and we may take further actions as required by government authorities or that are in the best interests of our employees, customers and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities. The COVID-19 pandemic has adversely impacted our business, results of operations and financial condition. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a global pandemic, and, as a result, the ultimate impact of COVID-19 or a similar health epidemic is highly uncertain and subject to change. The extent to which COVID-19 further impacts our business, results of operations and financial condition will depend on future developments, which are uncertain, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, we may continue to experience materially adverse impacts to our business and our result of operations as a result of its global economic impact, including any recession that has occurred or may occur in the future.

INVESTMENT RISKS

Value of the Subscription Receipts

The price per Subscription Receipt has been determined by management and may not bear any relationship to earnings, book value or other valuation criteria.

Conflict of Interest

The Amalgamation and the Qualifying Transaction discussed herein meet the qualifications of a Non-Arms Length Qualifying Transaction, as such term is defined in the Exchange Policies.

Financing Risks

There is no assurance given by Forbidden that it will complete the maximum concurrent financing on or before December 31, 2021, or at all. There is no assurance given by Forbidden that it will be able to secure the financing necessary to develop and grow its business. Forbidden does not presently have sufficient financial resources or operating cash-flow to undertake by itself all of its planned programs. The development of Forbidden's business may therefore depend on Forbidden's ability to obtain additional required financing. There is no assurance Forbidden will be successful in obtaining the required financing on terms acceptable to it, or at all, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties. Forbidden's ability to continue as a going concern is dependent on its ability to raise equity capital financings, the attainment of profitable operations and the completion of further share issuances to satisfy working capital and operating needs.

Failure to Obtain Necessary Approvals for Completion of the Amalgamation

The completion of the Amalgamation is subject to a number of conditions precedent, certain of which are outside the control of Spartan or Forbidden. There can be no certainty, nor can Spartan or Forbidden provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Amalgamation is not approved and either or both of the Spartan Board and Forbidden Board decide to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the consideration to be received pursuant to the Amalgamation.

Termination in the Event of a Change Having a Material Adverse Effect

Both Forbidden and Spartan have the right, in certain circumstances, to terminate the Amalgamation Agreement in the event of a change having a "***Material Adverse Effect***" (as such term is defined in the agreement) on the other party. Although a Material Adverse Effect excludes certain events that are beyond the control of that party, such as changes in general economic conditions, there can be no assurance that a change having a Material Adverse Effect will not occur prior to the Effective Date, in which case either party could elect to terminate the Amalgamation Agreement and the Amalgamation would not proceed. See "***Conditions to the Obligations of Forbidden***", "***Conditions to the Obligations of Spartan***", and "***Termination of Amalgamation Agreement***" in the Amalgamation Agreement.

Possible Failure to Realize Anticipated Benefits of the Amalgamation

Forbidden and Spartan are proposing to complete the Amalgamation to, amongst other things: (i) create a stronger and better positioned entity that will have greater financial and business resources than each company on its own; (ii) strengthen the position of the Resulting Issuer in the alcoholic sprints production and distribution industry; (iii) provide Spartan with access to Forbidden's alcoholic sprints production and distribution business; (iv) create a combined company that will have increased market capitalization; and (v) provide liquidity for Forbidden shareholders and increased liquidity for Spartan shareholders. There is no certainty that the anticipated benefits of the Amalgamation will be realized by the Resulting Issuer.

FINANCIAL RISKS

Non-Arms Length Transactions

Forbidden currently leases its land, warehouse, and office from Apple Orchard, a non-arms length related entity controlled by Kelly Wilson, an officer and co-founder of the Issuer. Forbidden also purchases a majority of its raw materials (apple concentrate) and input costs (glassware) from Apple Orchard. A non-arms length transaction provides the possibility that the parties could work together to facilitate the transaction below *or* above the fair market value of the good or service transacted. In the event that the transaction is deemed to be for "inadequate consideration" as defined in the *Income Tax Act* [(R.S.C., 1985, c. 1 (5th Supp.) (S.69{1})] then the parties may be required to pay additional tax based on the difference between the transaction value and actual fair market value.

Negative Operating Cash Flow

Forbidden had negative operating cash flow during its most recently completed financial year ended December 31, 2020. In the event that Forbidden's operating cash flow is not positive in future financial periods it may need to raise additional capital in order to fund operations. There is no guarantee that additional funds will be available on terms acceptable to Forbidden or at all.

Further Need for Debt or Equity Financing

Forbidden may have to sell additional securities including, but not limited to, shares or some form of convertible security, the effect of which will result in a dilution of the equity interests of any existing shareholders. Forbidden may also need to raise capital by incurring long term or short-term indebtedness in order to fund its business objectives. This could result in increased interest expense or decreased net income. Security holders are cautioned that there can be no assurance as to the terms of such financing and whether such financing will be available. The level of Forbidden's indebtedness could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Valuation of Goodwill and Intangible Assets

Goodwill and intangible assets account for a significant amount of Forbidden's total assets. Goodwill and intangible assets are subject to impairment tests that involve the determination of fair value. Inherent in such fair value determinations are certain judgments and estimates including, but not limited to, projected future sales, earnings and capital investment; discount rates; and terminal growth rates. These judgments and estimates may change in the future due to uncertain competitive market and general economic conditions, or as Forbidden makes changes in its business strategies. Certain of the aforementioned factors affecting the determination of fair value may be impacted and, as a result, Forbidden's financial results may be adversely affected.

Dilution

Forbidden may make future acquisitions or may enter into financings or other transactions involving the issuance of securities of Forbidden, which may be dilutive to existing shareholders.

Uninsured Risks

Forbidden provides no assurance that it is adequately insured against all risks. Forbidden may become subject to liability for pollution or other hazards against which it cannot insure or against which it has elected not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for corporate activities.

PERSONNEL RISKS

Conflicts of Interest

Forbidden provides no assurance that its directors and officers will not have conflicts of interest from time to time. Forbidden's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which Forbidden may participate, Forbidden's directors and management may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. In the event that such a conflict of interest arises at a meeting of Forbidden's directors, a director who has such a conflict will abstain from voting for or against any resolution involving any such conflict. In accordance with the laws of the Province of British Columbia, the directors of Forbidden are required to act honestly, in good faith and in the best interests of Forbidden. In determining whether or not Forbidden will participate in any particular undertaking at any given time, the directors will primarily consider the upside potential for the undertaking to be accretive to shareholders, the degree of risk to which Forbidden may be exposed and its financial position at that time.

Management Discretion as to Application of Proceeds

The net proceeds from this offering are intended to be used for the purposes described under **Item 6: Use of Funds**. However, Forbidden reserves the right to use the funds obtained from this offering for any general business purposes and such other purposes not presently contemplated which it deems to be in the best interests of Forbidden and its shareholders. As a result of the foregoing, the success of Forbidden may be substantially dependent upon the discretion and judgment of management with respect to application and allocation of the net proceeds of the offering. Investors will be entrusting their investment to Forbidden's management, upon whose judgment and discretion, the investors must depend.

Ability to Retain Key Personnel

Forbidden's business is dependent in part on its ability to retain key personnel, including but not limited to its master distiller and other operational personnel that have a key role in developing and producing Forbidden's products, as well as the executives and directors of the Company, who are responsible for setting the direction of the firm and ensuring its execution. While Forbidden believes that it can secure the expertise necessary to continue to with its growth and business plans, develop new product offerings and to continue to produce its existing product offerings to its current quality standards, the inability to retain key personnel or fill key personnel vacancies could have a material adverse effect on Forbidden's business.

BUSINESS RISKS

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and information. By its nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts, or projections will prove to be materially inaccurate.

Competition Risks

Distilleries operate in a highly competitive environment. Forbidden's products compete primarily in the premium spirits segment. This category includes both premium spirits and craft spirits. Large established distilleries have substantially greater resources for support of marketing and distribution activities and compete aggressively with extensive advertising and promotion campaigns. Competition has also increased in the micro and craft spirit segment, with significant growth in the number of craft distilleries and products in all Forbidden's markets. These sources of competition may reduce demand for the Forbidden's products, which could have an adverse effect on revenue and profitability.

Expansion Outside British Columbia

Forbidden's ability to grow its business outside its home market of British Columbia, if desired, is dependent on the availability of appropriate facilities, or sites on which facilities can be constructed, in strategic growth markets. Even if such facilities can be located at reasonable cost, there can be no assurance that it will be possible to obtain permits and licenses necessary to operate such facilities. Additionally, there can be no assurance that local demand in these markets will be sufficient to justify continued operations.

Brand Promotion

A critical component of Forbidden's future growth is its ability to promote and sustain its brands, which it believes can be achieved by providing a high-quality user experience. In order to provide a high-quality user experience, Forbidden has invested and will continue to invest substantial amounts of resources in the development of its products, infrastructure, fulfilment and customer service operations. If Forbidden's consumers are dissatisfied with the quality of the products or services sold to them, the customer service they receive or their overall customer experience, Forbidden's consumers may stop purchasing products and services from it.

Consumer Preferences

The alcoholic spirits market has grown substantially over the past decade. Forbidden believes that one factor in such growth has been increasing consumer demand for more unique and interesting spirits in a wider variety of styles. A shift in demand profiles away from craft distillery products could negatively affect Forbidden's current business plan and profitability. There has also been an increase in the level of health consciousness amongst consumers. This trend can lead to reduced consumption negatively affecting Forbidden's business. Additionally, the legalization of recreational cannabis in Canada and other jurisdictions could impact consumer consumption patterns with respect to beverage alcohol products.

Intellectual Property

The ownership and protection of Forbidden's intellectual property is a significant aspect of Forbidden's future success. In accordance with industry practice, Forbidden's proprietary rights are currently protected through a combination of copyright, trademark and contractual provisions. Although Forbidden has registrations for certain trademarks, it may be unable to obtain or maintain trademark registrations for the marks and names it uses in one or more countries. In the event of actual or alleged infringement or contravention of rights, Forbidden may be forced to cease using these marks and names. There is no assurance that Forbidden's competitors will not develop similar branding, technology, business methods or that Forbidden will be able to exercise its legal rights.

In addition, effective intellectual property protection may be unenforceable or limited in certain countries, and in all cases, the pursuit of any legal remedy needs to be weighed against the likelihood of success, the feasibility of an action, and the opportunity costs, both financial as it relates to the potential incurred costs, and the use of time as a deviation from other business and strategic goals.

Dependence on Proprietary Formulas

The formulas for Forbidden's products are proprietary trade secrets. Although Forbidden takes measures to safeguard such formulas, there can be no assurance that existing or future competitors will not develop spirits of the same or similar tastes and qualities as Forbidden's products. Competing products with the same or similar tastes and qualities as Forbidden's spirits could erode demand for Forbidden's products and have a material adverse effect on Forbidden's business.

Distribution/Supply Chain Interruption

Supply chain interruptions, including a manufacturing or inventory disruption, could impact product quality and availability. Forbidden adheres to a comprehensive suite of quality programmes and proactively manages production and supply chains to mitigate any potential risk to consumer safety or Forbidden's reputation and profitability. Inherent to producing maturing products there is a potential for shortages or surpluses in future years if demand and supply are materially different from long-term forecasts. Additionally, the loss through contamination, fire or other natural disaster of the stock of maturing products may result in significant reduction in supply and, as a result, Forbidden may not be able to meet customer demands. Forbidden monitors category trends and regularly reviews maturing inventory levels.

Litigation

Forbidden may be subject to litigation arising out of its operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Forbidden's operations, and the value of their securities. While Forbidden will assess the merits of any lawsuits and defend such lawsuits accordingly, we may be required to incur significant expense or devote significant financial resources to such defenses. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the our operations.

Cybersecurity

Cyber-attacks have the potential to impact Forbidden both operationally and financially. Forbidden's information technology ("**IT**") are subject to an increasing threat of continually evolving cybersecurity risks including computer viruses, security breaches and cyberattacks.

Additionally, Forbidden is subject to the risk of unauthorized access to its IT systems or its information through fraud or other means.

INDUSTRY RISKS

Government Regulation

The alcoholic beverage industry in Canada is subject to government policy, extensive regulatory requirements and significant rates of taxation at both the federal and provincial levels. As a result, changes in the government policy, regulatory and/or taxation environments within the alcoholic beverage industry may affect Forbidden's business operations, causing changes in market dynamics or changes in consumer consumption patterns. In addition, Forbidden's provincial liquor board customers have the ability to mandate changes that can lead to increased costs, as well as other factors that may impact financial results. If Forbidden becomes more reliant on international product sales, exposure to changes in the laws and regulations (including on matters such as regulatory requirements, import duties and taxation) in those countries could also adversely affect the operations, financial performance or reputation of Forbidden.

Taxation and Tax Regulation

Alcohol is subject to extensive taxes both on the provincial and federal level. As a distillery, Forbidden is subject to regulation by the Canada Revenue Agency. These regulations currently impose notification and bonding requirements, as well as production reporting. In addition, Forbidden's taxable production is subject to a federal excise tax. Any increase in such regulation or the level of excise tax levied upon Forbidden's taxable production may adversely affect Forbidden's business and financial results. There can also be no assurance that in the future new or increased regulations will not be adopted at city, municipal, provincial or federal levels in Forbidden's markets. The adoption of any such measures could have a material adverse effect on Forbidden's business and financial results.

Trade Regulation

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. Since the 2016 U.S. presidential election, the American administration has withdrawn the United States from the Trans-Pacific Partnership and the United States Congress has passed sweeping tax reform, which, among other things, significantly reduces U.S. corporate tax rates. This has affected the competitiveness of other jurisdictions, including Canada. While Forbidden currently does not have significant cross-border sales it is actively pursuing such strategies. The adoption of new trade regulations, repeal or amendment of existing trade regulations, or future trade disputes that result in retaliatory practices or increased tariffs could adversely affect Forbidden's ability to expand into foreign markets or the costs associated with inputs into Forbidden's products.

Operating Hazards

Forbidden's operations are subject to certain hazards and liability risks faced by all distilleries, such as potential contamination of ingredients or products and equipment defects. The occurrence of such a problem could result in a product recall, which could damage Forbidden's reputation and or result in financial loss. In addition, a major equipment defect or malfunction could adversely affect product quality or supply.

- 9.2 **We do not currently have the financial resources to pay dividends or to investors. There is no assurance that we will ever have the financial resources to do so.**

Item 10: REPORTING OBLIGATIONS

- 10.1 The Company will be required to file a copy of this Offering Document and Form 45-106F1 Report of Exempt Distribution upon any crowdfunding distribution under this offering with the British Columbia Securities Commission, and as may be required, with the Ontario Securities Commission or SEDAR.

In connection with the Qualified Transaction, the Company and Spartan will provide shareholders as of the respective record dates with the Info Circular concerning the proposed amalgamation of Spartan with Forbidden.

Upon conditional approval from the TSXV, Spartan will file the Filing Statement with the TSXV. The Filing Statement will include details about Forbidden, the operations of the Resulting Issuer following completion of the Qualifying Transaction, and financial statements for Forbidden and Spartan. A copy of the Filing Statement will be available under Spartan's profile at www.sedar.com.

Upon issuance of the Final Exchange Bulletin, the Resulting Issuer will be subject to any continuous reporting obligations as may be required of a reporting issuer.

- 10.2 The Issuer is not a "reporting issuer" in any jurisdiction in Canada. As a corporation formed under the Act, the Issuer is required to provide shareholders with financial statements and any further information respecting to the financial position of the corporation and the results of its operations as may be required by the Act.

Item 11: RESALE RESTRICTIONS

- 11.1 **The securities you are purchasing are subject to a resale restriction. You might never be able to resell the securities.**

Item 12: PURCHASERS' RIGHTS

12.1 Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- i. to cancel your agreement with the Issuer to buy these securities, or
- ii. to damages against the Issuer and may, in certain jurisdictions, have the statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (i) or (ii) above, you must do so within strict time limitations.

Two-day cancellation right:

You may cancel your agreement to purchase these securities. To do so, you must send a notice to the funding portal not later than midnight on the second business day after you enter into the agreement. If there is an amendment to this offering document, you can cancel your agreement to purchase these securities by sending a notice to the funding portal not later than midnight on the second business day after the funding portal provides you notice of the amendment.

Item 13: DATE AND CERTIFICATE

13.1 This Offering Document does not contain a misrepresentation.

13.2 Authorized Signatory:

Signature:  Date: October 18, 2021

Charles Blair Wilson
President, CEO and Director

13.3 I acknowledge that I am signing this Offering Document electronically and agree that this is the legal equivalent of my handwritten signature.