ORGANIC

CRAFTY ELK

HARD JUICE

Offering Memorandum

November 1st, 2020

OFFERING MEMORANDUM TERMS AND CONDITIONS

Date:	November 1, 2020
The Issuer:	Crafty Elk Distillery Limited (the "Company" or "Crafty Elk™")
Head Office:	921 Waterloo Street, London ON N6A 3X2
Phone:	1 (647) 968-5192
Email:	greg@craftyelk.com
Website:	http://www.craftyelk.com/
Currently listed or quoted?	No. These securities do not trade on any exchange or market.
Reporting Issuer?	No.
SEDAR filer?	No.

THE OFFERING

Securities Offered:	Up to 8,000,000 Class A common shares (the "Shares") in the capital of the Company for aggregate gross proceeds of up to $10,000,000.00 (the "Offering").
Price Per Security:	$1.25 per Common Share.
Minimum Offering:	None. There is no Minimum Offering, consequently you may be the only purchaser.
Maximum Offering:	$10,000,000.00 (8,000,000 Shares). Funds available under the Offering may not be sufficient to accomplish our proposed objectives.
Minimum Subscription Amount:	$250 (200 Shares). See ITEM 5 – SECURITIES OFFERED – TERMS OF SECURITIES. (note: investments under $250.00 dollars are subject to a $30.00 dollar transaction fee)
Payment Terms:	Payment in full by certified cheque, bank draft or money order of the subscription price is to be made with the delivery of a duly executed and completed subscription agreement to: "Crafty Elk Distillery Limited". See ITEM 5 – SECURITIES OFFERED – SUBSCRIPTION PROCEDURES.
Proposed Closing Date(s):	Closings will take place periodically at the Company's sole discretion with the initial closing set for on or about November 30, 2020 (the "Initial Closing"). There will be subsequent closings after the Initial Closing, as determined by management of the Company.
Income Tax Consequences:	There are important tax consequences to these securities. See ITEM 6 – INCOME TAX CONSEQUENCES.
Selling Agents:	The Company will engage a selling agent and pay sales commissions in connection with the Offering. See ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS.
Resale Restrictions:	You will be restricted from selling your Shares for an indefinite period. See ITEM 10 – RESALE RESTRICTIONS.
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 sue either for damages or to cancel the agreement. See ITEM 11 – PURCHASER'S RIGHTS.

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. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See ITEM 8 – RISK FACTORS.

NOTE REGARDING FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements with respect to the Company. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "goal", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions and there can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and future events could differ materially from those anticipated in such statements. In addition, this Offering Memorandum may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions made by the Company and Management, including, but not limited to, the completion of this Offering, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. These forward-looking statements speak only as of the date of this Offering Memorandum. The Company is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Company's expectations except as otherwise required by applicable legislation. The risks and uncertainties attributable to these forward-looking statements may adversely affect the distributions to be made on, or the rate of return on, the shares. Some of these are discussed in Item 8 – Risk Factors. You should carefully consider the risk factors, in addition to the other information provided herein or by the company.

CANADIAN CURRENCY

All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

INCORPORATION BY REFERENCE

This Offering Memorandum incorporates by reference all of the Company's "OM marketing materials" (as such term is defined in National Instrument 45-106 Prospectus Exemptions ("NI 45-106")) prepared by or on behalf of the Company and approved by the Company for use in relation to the distribution of Shares under this Offering Memorandum and delivered or made reasonably available to prospective purchasers of Shares before the termination of such distribution.

GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

Business Day	means any day other than a Saturday, Sunday or a statutory holiday in the Province of Ontario;
Closing	means the day or days upon which the Shares are issued to the Subscribers pursuant to this Offering;
Closing Date	means the Closing of the Offering, which will take place periodically at the Company's sole discretion;
Cooler	means a spirit based alcohol beverage that has been pre-mixed with non-alcoholic ingredients including sugar and artificial colours and flavours;
COVID-19	means the infectious disease cause by a newly discovered coronavirus;
Crafty Elk™ Hard Juice™	means the Company's Ready-to-Drink vodka based beverages available in a variety of flavours;
Gen X or Generation X	means is the demographic cohort with birth years ranging from the early-to-mid 1960s to the early 1980s;
Gen Y or Generation Y	means the generational demographic cohort following Generation X with birth years from early 1980s to mid-1990s to early 2000s;
Halo Effect	means a retail store or outlet that has strong support from the workers at the retail level, but also a high repeat purchase pattern for organic products with strong brand awareness;
Initial Closing	means the first Closing effected under the Offering;
Management	means the directors of the Company – Greg Gilliland and Phil Parkinson, in addition to the Finance Manager, Brand Manager and Sales Manager;
Maximum Offering	means 8,000,000 Shares ($10,000,000);
Neutral Malt Base	means an alcohol base derived originally from beer and filtered into a clear homogenous liquid;
NI 45-106	means National Instrument 46-106 Prospectus Exemptions;
Offering	means the offering of the Shares described herein or in any amendment hereto;
Offering Memorandum	means this confidential offering memorandum of the Company date November 1, 2020, including any amendments hereto;
Off-trade Sales	means the sale of alcoholic drinks through wholesale or direct-to-consumer;
On-premise	means the sale of alcohol in non-retail stores, including, but not limited to, bars, restaurants and hotel chains;
On-trade Sales	means the sale of alcoholic drinks in restaurants, bars, and events;
Person	means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or Company with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;
Products	means Crafty Elk™ Hard Juice™ and similar variations thereof developed by the Company; "Ready-to-Drink" or "RTD" means pre-mixed spirit based beverages;
Retail Outlets	means mini-distillery/juice retail shops with a dimensions of approximately 2,000 square feet;
Series A Round	means the offering pursuant to the initial offering memorandum of the Company dated February 23, 2018;
Series B Round	means the offering pursuant to a subsequent offering memorandums of the Company dated October 22, 2018, and November 14, 2019, respectively;
Series C Round	means the offering pursuant to a subsequent offering memorandum of the Company dated November 14, 2019;
Series D Round	means the offering pursuant to this Offering Memorandum;
Shares	means Class A common voting shares in the capital of the Company, being offered under this Offering. See ITEM 5 – SECURITIES OFFERED;
SKU	means stock-keeping unit to identify a particular product variant within retail settings;
Still	means an apparatus used to distill liquid to produce distilled beverages, including alcoholic beverages;
Subscribers	means those Persons subscribing for Shares pursuant to this Offering;
Subscription Agreement	means an agreement between the Company and each Subscriber governing the subscription for Shares pursuant to this Offering Memorandum and includes all the terms, conditions and exhibits attached thereto; and
Tax Act	means the Income Tax Act (Canada) as amended.

1.0 USE OF AVAILABLE FUNDS

1.1 FUNDS

The following table discloses the net proceeds available as a result of this Offering:

		Assuming Minimum Offering (1)	Assuming Maximum Offering
A)	Amount to be raised pursuant to this Offering	$0	$10,000,000 (2)
B)	Selling commissions and fees	$0	$500,000 (3)
C)	Estimated offering costs (e.g. printing, legal, accounting, audit)	$10,000	$41,250
D)	Available funds: D = A – (B+C)	($10,000)	$9,458,750
E)	Additional sources of funding required	$233,954	$233,954 (4)
F)	Working capital deficiency	$781,477 (5)	$0
G)	Total: G = (D+E) – F	($557,523)	$9,692,704

(1) There is no minimum offering.
(2) The Company has not previously raised any funding under this Offering. The Company seeks to raise the maximum offering of $10,000,000.
(3) The Company is prepared to pay up to five percent (5%) commission to agents who successfully introduce the Company to investors. See ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS.
(4) The Company has access to private loan commitments from shareholders and these facilities have been made available under terms outlined below. See ITEM 2.7 – MATERIAL AGREEMENTS.
(5) To date, the Company has accumulated net losses of approximately $781,477.00. The Company expects such losses to continue until such time as the Company secures the appropriate resources, infrastructure and customer base. The Company expects to continue to incur operating losses until such time as sales generate sufficient revenues to fund the Company's continuing and planned operations.

1.2 USE OF AVAILABLE FUNDS

The following table provides a detailed breakdown of how the Company will use the available funds of this Offering in the 12 months following the date of this Offering Memorandum:

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming Minimum Offering	Assuming Maximum Offering
Inventory (1)	$0	$3,574,610 (2)
Advertising (3)	$0	$784,360 (4)
Marketing, Promotion & Public Relations (5)	$0	$1,248,277
Retail Distribution Asset (6)	$0	$1,371,453
Head Office Property and Manufacturing Plant (7)	$0	$1,185,350
Employee Expenses (8)	$0	$497,177
Other Costs (9)	$557,523 (10)	$781,477 (11)
Other Capital Expenditure (12)	$0	$250,000
Total: Equal to G in the Funds table above	**$557,523**	**$9,692,704**

(1) Includes entire product supply chain from procurement of raw materials and packaging, to co-packing, storage and freight costs.
(2) Estimating that approximately 238,500 cases of Crafty Elk™ Hard Juice™ would be manufactured.
(3) Estimated advertising & sales program costs required to support retail listings in government run distribution networks in Ontario, Alberta and British Columbia.
(4) Estimated consumer and in-store promotional costs required to support retail listings including trade-shows and sponsorship events.
(5) Estimated that there would be an advertising cost of approximately of $4.00 per 24-pack case.
(6) Estimated costs to develop mini distillery/juice retail outlets. See ITM 2.2 – SHORT TERM OBJECTIVES.
(7) Includes head office property costs as well as other overhead costs of the business and acquisition of manufacturing equipment and integration of such equipment into a pre-existing property.
(8) Estimated employee costs including salaries & wages, superannuation and health care entitlements. If maximum offering is achieved, the Company would seek to hire at least one full time manager for Western Canada in 2021.
(9) Provides for payment of working capital deficiency, contingencies and other unexpected costs.
(10) Assuming the minimum offering, the Company will have a net deficit of $557,523 after taking into account the net of working capital deficiency and available loans from shareholders.
(11) Assuming the maximum offering, the Company intends to pay off the entire balance of working capital deficiency.
(12) If the maximum offering is achieved, the Company's directors intend to set aside up to one-tenth of the total funds available for capital expenditure. Depending on the extent of COVID-19 impacts on operations, these funds will be used to establish a wholly owned subsidiary to either (i) purchase a property that can be developed for a dual business purpose – for example, a site that can be utilized as a head-office, and which has zoning or local planning approval for use as a distillery/co-packing facility, or (ii) develop retail assets that provide added flexibility to the Company's distribution networks. If the maximum offering is not achieved, the Company will maintain the current product manufacturing strategy of contracted co-packing and a separate head office premises.

1.3 REALLOCATION

The Company intends to use the available funds as stated. The Company will reallocate the funds only for sound business reasons.

2.0 BUSINESS OF THE COMPANY

2.1 STRUCTURE

The Company was incorporated under the Canada Business Corporations Act on January 10, 2017. The Company's head office is located at 921 Waterloo Street, London, Ontario, N6A 3X2, Canada, and its registered and records office is located at 1600, 421-7th Avenue SW, Calgary, Alberta T2P 4K9.

The Company has no subsidiaries at this time, however, the Company is proposing to incorporate a new entity to be named "Crafty Elk Distilling Co." to develop multiple small batch craft distilleries and production facilities, and to introduce organic fresh pressed juices to its product range. It is anticipated that the new entity will be wholly owned by Crafty Elk™ and will be funded by the proceeds raised under this Offering Memorandum.

This structure will enable Crafty Elk™ to invest in multiple assets in efforts to grow brand awareness throughout Western Canada and down the coast line into the United States. This strategy will provide entry into the one of the largest beverage markets in the world, facilitated by a unique first-to-market brand, rooted in Canadian origins, and promising unique consumer experiences with increased product offerings for those that don't drink alcohol, but still openly embrace organic, gluten free and botanical Hard Juice™.

2.2 OUR BUSINESS

Crafty Elk™ has been focused on developing a portfolio of organic, non-GMO and gluten free 'Ready to Drink - vodka beverages' with no preservatives or artificial sweeteners. Each variant contains a unique blend of ingredients providing the customer with a smart choice. See ITEM 2.2 – OUR BUSINESS ("Organic Certification" Section).

We are passionate about health and well-being and the production of nutrient infused, natural ingredient-based products. Our mission is to develop a renowned smart choice and lifestyle brand that matches pace with a rapidly- evolving, health-conscious and convenience-driven modern society.

We believe we have achieved that mission with Crafty Elk™. The product contains a unique blend of antioxidant and natural ingredients designed to reduce the stress on the body while digesting alcohol, providing consumers with a 'smart choice' drinking experience. The unique blend of natural ingredients includes super fruits, turmeric, ginger, goji berries and prickly pear.

Crafty Elk™ Hard Juice™ vodka beverages entered the Canadian market in Ontario, in July 2017.

Throughout 2018, the Company expanded distribution lines of Crafty Elk™ Hard Juice™ flavors to include: kiwi/apple, cranberry/blueberry & acai, and mango/honey into the following provinces: British Columbia, Alberta, Manitoba and Ontario. To increase consumer and retail demand, the Company hired third party sales agents and participated in retail merchandising efforts, such as in-store visits, retail staff information sessions and ad-hoc marketing initiatives.

In early 2019, Crafty Elk™ changed from using 341ml glass bottles to 355ml aluminum cans. The Company decided to change to aluminum cans as glass bottles are easily breakable and therefore are a potential safety hazard. The new aluminum cans were launched in Ontario, Alberta and British Columbia.

The Company also built their own in house sales team in 2019 for the Ontario market known as 'Thirsty Beverages', and replaced their 'kiwi & apple' flavored vodka SKU, with 'blackberry, passionfruit & green tea' flavor.

The business has experienced continued growth in Ontario and British Columbia, with brand sales, distribution, and social following continuing in an upward trajectory. In 2020, the Company experienced growth in case sales of approximately 57% due to increased brand awareness in targeted markets.

The Company's short-to-medium-term intention is to consolidate the distribution of its Products in British Columbia, Alberta, and Ontario, and to complete a test market entry into the United States by the end of 2021.

COVID-19

In March 2020, the World Health Organization declared an outbreak of a strain of novel coronavirus disease, COVID-19. In response, steps were taken by the federal and provincial governments to contain the spread of COVID-19, including imposing self-isolation requirements, travel restrictions, the closing of the United States and Canada border, enforced quarantine, the cancellation of gatherings at concerts, sports events, weddings, conferences, restaurants and bars, and imposing occupancy limits in retail stores. While many various markets were impacted because of business closures due to COVID-19, the alcohol sector was considered an essential service in Canada and many alcohol retail stores remained open to the public. While the Company's retail sales remained steady, the growth of the Crafty Elk™ brand was impacted due to restrictions placed on in-store merchandising efforts, which significantly drives customer take-home sales. In early 2020, the Liquor Control Board of Ontario issued a directive to all vendors and industry agencies, restricting alcohol supplier sales teams' from in-store visits, face-to-face communication, electronic communications and even social media marketing efforts. This made it difficult for the Company to prepare product shelves, merchandising, and retailer product awareness initiatives, which would normally occur in early spring each year.

In response to the restrictions placed by the LCBO, the Company began offering customers at home delivery of the Products in small regions of Ontario. This allowed Crafty Elk™ to not only understand the demand for its various flavors, but it also allowed Crafty Elk™ to develop a closer relationship with its core customers. As a result of providing the home delivery service in Ontario, throughout the summer of 2020, and other steps taken to increase visibility in other provinces, Crafty Elk™ Hard Juice™ experienced strong sales and brand expansion in both British Columbia and Ontario, with a 2020 total case sales growth rate of 43% year-over-year, with a total of 11,464 cases sold the summer of 2020.

THE INDUSTRY

The global 'Ready-to-Drink' market is expected grow at a 4% compounded annual growth rate and predicted to reach USD$32 billion by 2024[1]. In the 12 months ending March 31, 2019, Canada's alcohol industry sales reached CAD$23.6 billion, which was an increase of 2.2% from the previous year. [2]

In 2017, RTD pre-mixes generated 10% total volume growth as sales reached CAD$886.2 million, and are predicted to reach CAD$1,034.5 billion by 2022[3]. While a strong decline in sales was experienced in malt-based and wine-based RTDs, spirit-based RTDs continued to generate strong sales[4]. Younger consumers are showing increasing interest in craft spirits, and hence there is strong interest in RTDs that project a "craft" image, similar to what has been seen with respect to the craft beer industry[5]. Furthermore, liquor control board outlets are increasing the amount of shelf space devoted to smaller brands of alcohol.[6]

While sales of spirits increased 3.1% to CAD$5.7 billion in 2018, the Ready-to-Drink market continued to show consistent growth, with ciders, coolers and other refreshment beverages being the fastest growing category for the seventh consecutive year[7]. It has generated CAD$1.1 billion in sales, up 15.0% from the 2019 fiscal year, and more than double the growth rate of 7.2% from 2017 and 2018[8]. This follows industry data from 2017, where RTD pre-mix sales were predicted to reach CAD$1,034.5 billion by 2022.[9]

While RTDs will never be viewed as healthy, there is a recent noticeable increase in low sugar options and health attributes such as organic ingredients are becoming more popular as consumers increasingly want to indulge in a more responsible manner.[10] Crafty Elk's™ products are in line with these trends in terms of their low sugar, low calorie content and craft image. The Products also have a unique point of difference: a fully organic certified product formulated with real juices and antioxidants such as turmeric, ginger, goji berries and prickly pear.

The Company seeks to solidify retail expansion with predominant focus in Western Canada provinces of British Columbia and Alberta, and south of the border into western US states, such as Washington, Oregon and northern California.

INDUSTRY OUTLOOK WITH COVID-19

COVID-19 is expected to have a significant impact on the volume of sales of alcoholic drinks in 2020 and 2021. Significant changes to industry sale patterns are expected. On-trade Sales are expected to drop substantially due to restrictions placed on indoor dining, while Off-trade Sales are expected to see growth. [11]

While many social gatherings have been cancelled due to restrictions placed on all social gatherings, the type of alcohol that is expected to have the highest decrease in sales is beer [12]. RTD beverage sales are expected to see an increase [13]. While sales of alcoholic drinks via e-commerce were very low in prior years, sales are expected to increase in late 2020 and into 2021 [14]. While liquor stores have remained open throughout the COVID-19 lockdowns, many people are following public health recommendations to limit social interaction, which is leading to a rise in online orders and home delivery. [15]

INDUSTRY OUTLOOK IN 2021 AND BEYOND IN THE UNITED STATES

The Off-trade Sales of RTD's in the United States are expected to increase by 37% in late 2020 and 2021 due to COVID-19's impact to customers buying in bulk at grocery stores. While On-trade Sales of RTD's declined by 43% in light of COVID-19, the On-trade Sales recovery is expected to much quicker for RTD's in comparison to other alcoholic drink categories. The RTD market reached USD$7.9 billion in 2020 and is expected to grow by 74%, up until 2024. [16]

MARKET TRENDS & ORGANICS

Preferences for non-sugary and non-caffeinated drinks amongst consumers is growing, with consumers seeking GMO-free and fortified functionality (i.e. a beverage that provides an added benefit to the consumer in addition to just being a drink to quench thirst – for example, providing electrolytes, energy, vitamins, etc.). In Canada, the organic alcohol sector grew to CAD$135 million in 2013.[17] Residents of British Columbia represent 66% of the total consumption across Canada as a whole for organic foods and beverages, with 66% of residents purchasing organic groceries weekly, making British Columbia the province with the most weekly organic grocery purchasers per capita in Canada.[18]

Clean labels on organic products are associated with ethical sourcing and environmental sustainability. The higher number of pioneering natural health retailers per capital in Western Canada compared to Eastern and Central Canada has led to a higher level of support for organic and natural health products.[19] This support network for retailers has helped build a community around natural health concepts in Western Canada, which may influence consumer's attitudes and behaviors.[20]

Canadian consumers are gravitating towards unique food and drink products that offer an interesting experience, with this trend also spilling over into alcoholic drinks. Prominent examples include craft beer characterized as local small-batch production. Growing from a small niche into a sizeable market in [2015], this trend is breathing some life into a struggling beer category.[21] Meanwhile, partly due to appellations indicating country of origin, region and vineyard, wine is also growing in popularity. Craft spirits are also experiencing significant growth, with industry players hoping to replicate the success of craft beer.[22]

In addition, younger generation Canadians, particularly those aged 25-34 ("Millennials"), are increasingly attracting manufacturer attention as they grow older, start families and generate higher levels of disposable income. For alcoholic drinks such as beer, wine and spirits, Millennials are a significant proportion of the core target market.[23] RTDs and ciders are also enjoying a rise in popularity as they fit the bill for younger generations who are on the constant lookout for fashionable new products.[24]

TARGET MARKET

The Company is in a unique position to capture the target markets with the highest propensity of consumer purchases in the Ready-to-Drink Cooler category. Demographically, these Gen X and Gen Y consumers are the "for me" generations and are generally characterized as being uncompromising in their choice of brands, opting to make purchasing decisions based on quality - with a focus on "better for you", organic and natural products.[19]

MAJOR INFLUENCERS

Crafty Elk's™ key influencers are informed, active consumers who strive for ways to feel good, look good and enjoy long-term health. Fitness and exercise is a way of life but importantly not the only thing in their lives. While they do seek specific foods and nutrition products to support their active lifestyles, performance is not a key motivator. They view exercise and nutrition as an integrated part of their active lives, but they don't believe it should require complicated or special health regimens. They are on-the-go and in-the-know. They research products before purchasing, but they are also looking for convenience. They expect products they buy to fit naturally into their healthy and active lifestyle, and they believe foods, beverages and snacks should not only taste good, but should also be healthy and help them reach their goals. The Company plans to focus its efforts targeting these key influences and using them in the Company's marketing efforts towards the target market as described below.[25]

PRIMARY TARGET GROUP

Crafty Elk's™ primary target market are individuals both male and female, 22-45 years of age, with post-secondary education. They are individuals who try to live a healthier lifestyle. They are aware of unique ingredients that assist with their lifestyle choices and tend to choose brands and products that are more natural and have fewer preservatives and artificial ingredients. Like most others, they still want to have a good time, drink alcohol in moderation and ideally not suffer the next day consequences. Demographically these women are in their 20's and 30's but not exclusively so. Attitudinally they aspire to be like the key influencers but the pressure from everyday life limits that opportunity. Crafty Elk™ plans to focus its marketing efforts on this target market.

1 "Global RTD Alcoholic Beverages Market - 2020 Market Research", March 2020.
2 Statistics Canada, "Control and Sale of Alcoholic Beverages" released May 13, 2020.
3 "Passport: RTDs/High Strength Premixes in Canada", Euromonitor International, June 2017.
4 "Passport: RTDs/High-Strength Premixes in Canada", Euromonitor International July 2018.
5 Supra note 4.
6 Supra note 4.
7 Supra note 4.
8 Supra note 4.
9 Supra note 3.
10 "Passport: Organic Beverages in Canada", Euromonitor International February 2020.
11 "Passport: Alcoholic Drinks in Canada", Euromonitor International September 2020.
12 Supra note 11.
13 Supra note 11.
14 Supra note 10.
15 Supra note 10.
16 "Passport: Alcoholic Drinks in the US", Euromonitor International September 2020.
17 "The BC Organic Market - Growth, Trends, & Opportunities", The Canadian Organic Trade Association, April 2013. 18 Supra note 17.
19 "Navigating Natural Health in Canada", Alive Publishing Group, 2010.
20 Supra note 19.
21 Supra note 3.
22 Supra note 3.
23 Supra note 3.
24 Supra note 3.
25 Supra note 3.

COMPETITORS AND "WHAT DIFFERENTIATES CRAFTY ELK™ FROM THE REST?"

Crafty Elk™ believes that consumers want to be educated on the impact of ingredients on one's body and how to optimize their diet in order to look and feel their best. The Product is positioned as an attitude and lifestyle brand driven by market insight and trends. It differentiates itself from major competitors in the following ways:

- The organic vodka is cleaner as it's not subject to hazardous line cleaners;
- The ingredients are functional and some of the most highly researched with historical benefits;
- Crafty Elk™ is certified Organic and uses non-GMO seed sources
- Crafty Elk™ is produced with no preservatives
- It contains antioxidant ingredients of turmeric, ginger, goji berries and prickly pear. Ingredients that may assist in the digestion of toxins in the body; and
- It has less sugar and calories and is made with all natural flavors.

In comparison, the Company believes its major market competitors are perceived by the target market as sweet, containing generally high levels of sugar with artificial flavors and colours.

MARKET REACTION TO DATE

The Company believes that the LCBO's premium pricing of the Products has had limited impact on purchase patterns. On-premise outlets such as restaurants and bars produce a sales rate of 1-3 cases per week on average, retailing at prices between $7.00 and $10.00 per can.

The Company continues to expand its Product lines into new bar, restaurant, & golf course accounts while remaining focused on the importance of retail store distribution. The brand is premium priced at $3.20 per single selling can at LCBO stores versus other common 'ready-to-drink' alcohol beverages that are priced between $2.75 and $2.95. The Company's premium pricing is due to the fact the Product is a clean white label that is an organic, non-GMO, gluten-free beverage with no artificial preservatives or sweeteners.

In 2018, the LCBO pre-purchased 4,000 cases immediately from the Company, which was a one-time purchase. This meant that the 2018 fiscal year audited result showed a large rate of sale. In 2019 and 2020, the LCBO granted Crafty Elk™ with a 'general listing'[26] for its cranberry/blueberry & acai Hard Juice™ vodka beverage. Crafty Elk™ developed an in house sales agency known as "Thirsty Beverages" to engage with individual liquor store managers and buyers to increase retail listings and to grow brand awareness.

While the Company's brand has experienced growth year after year in Ontario, being an early-stage Ontario brand has not been easy from a distribution perspective in Ontario. The retail supply chain in Ontario generally caters to multinational companies. As transportation, warehousing and store-to-store communications are controlled by the LCBO, there is a tendency to favour multinational companies and more established brands as opposed to brands like Crafty Elk™ because there is inherently increased risk for a brand like Crafty Elk™ due to smaller sale volumes and a lack of brand recognition when compared to multinational companies. As a result, multinational brands generally take priority in large retail channels.

The Crafty Elk™ brand has performed well with long wait lines at many trade shows throughout Ontario, such as the Canadian National Exhibition. The brand has experienced growth year after year and is currently having one of its strongest years to date, having sold almost 12,000 cases between British Columbia and Ontario in 2020.

HALO EFFECTS

Even with distribution delays and overall COVID-19 in-store impacts, the Company continued to experience its highest year of case sales and saw significant Halo Effects (evidenced through social media growth and word-of-mouth) based on its Product's unique taste and organic footprint – that is, where the Crafty Elk™ Products gained considerable sell through in cities, towns and provincial regions, pull-through rates were as high as 20 cases per week in some small convenience stores.[27]

The Company firmly believes that when Crafty Elk™ Hard Juice™ products are properly merchandised and supported with appropriate marketing budgets, higher pull-through rates combined with consumer enthusiasm for the taste and brand will see increased product demand.

The Crafty Elk™ Hard Juice™ vodka beverages have expanded throughout British Columbia, with case pull rates as high as six cases per store per week, with little to no marketing initiatives.[28] Based on Management's research, the Company believes that the greatest demand opportunity for the Crafty Elk™ brand exists through the Western Interstate 5 corridor between British Columbia (Canada), and the US states of Washington, Oregon, and California.

PRODUCTION, MANUFACTURING, AND DISTRIBUTION

Crafty Elk™ works exclusively with the world's largest privately-owned flavor and fragrance company of its type, because it maintains some of the highest standards in manufacturing protocols and global environmental sustainability practices. Being well-established with vast experience in natural flavors and functional ingredients, it provides flavors for all Crafty Elk™ product variants. This flavor and fragrance company also has an extensive production and supply chain in the global market, which should enable Crafty Elk™ to continue to develop other Product flavors and variants, while incorporating emerging market trends.

The Company plans to setup an in-house manufacturing plant or joint venture for production, warehousing and storage for all supply chain networks in Canada, and regions of the United States. Management believes these objectives can reasonably be accomplished by 2022.

In 2019, Crafty Elk™ invested in a proprietary piece of equipment with an Ontario co-packer located in the greater Toronto area, and have continued to produce Crafty Elk™ Hard Juice™ vodka beverages strictly in Ontario only. The Company is currently in communications with 3rd party co-packers in Western Canada and the USA. The Company intends to solidify co-packers on the west coast of Canada and the USA. This will help the Company decrease its carbon footprint of shipping products from Ontario to Western Canada, allowing the brand to be more competitive.

The Company has considered and engaged in discussions over the years with various parties to export into certain regions of Asia, including Singapore, Hong Kong, Vietnam, Malaysia, Japan and Korea. However, it is Management's position that in order for the Company to seriously consider these markets, a dedicated and controlled manufacturing structure would be imperative for viable supply to these Asian regions.

ORGANIC CERTIFICATION

Crafty Elk™ is a certified organic product under the Canada's Organic (Pro-Cert) Regime program in accordance with the Canadian Organic Standards. This certification provides equivalent compliance with similar programs in the United States, European Union, and Japan, thereby opening the door to similar international markets.

The Canadian organic-certified stamp, together with ingredient and nutrient panels, illustrate the unique and efficacious nature of our product. In combination with the value-added benefits of antioxidant ingredients (turmeric, ginger, goji berries, and prickly pear) the Company creates a better-for-you alternative for the health conscious consumer – and its product was coined a "Smart Alcohol" choice for Canada consumers by the Huffington Post.[29]

SALES AND MARKETING STRATEGY

The Company currently utilizes its own sales agency (Thirsty Beverages) in Ontario to help drive the Company's retail distribution. Thirsty Beverages focused on patios and golf courses in the summer of 2020, while also prioritizing its e-commerce channel for home deliveries.

In the rest of Canada, the Company uses third-party sales agencies and consultants to drive provincial sales and new market entry. The agencies and consultants are vastly experienced, passionate about the Product, and possess detailed knowledge of the provincial distribution markets. These agencies and consultants will assist the Company in acquiring government listings and managing future product launches. Third-party sales agencies and agencies are currently utilized in British Columbia and Alberta.

With the COVID-19 pandemic and the current market conditions in flux, the Company will focus its short-term sales push on Western Canada, where demand for organic products and support from retailers is of highest priority for the Company. Management believes that Western Canada will likely be the first retail stores to open back up with 'in store tastings', which as evidenced by the Company's internal data is the most proven driver of consumer brand adoption.

MEDIA STRATEGY

The target market is an avid consumer of social media. These individuals are intimately involved in Facebook, Twitter, Instagram, Pinterest, Snapchat and many other social media platforms. Crafty Elk™ plans to position its brand communication in these channels with a focus on unique communications that appeal to this target market. Given that its customers are early adopters of new products, Crafty Elk™ intends to promote the product through selected celebrity endorsements and peer recommendations in these channels.

TRIAL STRATEGY

The Company will seek to drive consumer tastings by participating in targeted events, expos, festivals and music concerts. Making the product readily available to these Gen X and Gen Y markets will establish Crafty Elk™ Products as great tasting vodka beverages with authenticity and integrity, both of which appeal to its consumers.

TRADE STRATEGY

As the primary distribution channels in Canada are well established with the largest being government controlled monopolistic institutions, Crafty Elk™ will focus on maximizing its listing base in private retailers in British Columbia and Alberta, with in-store activity to firstly engage the target market and then multiply repeat purchases. With Covid-19 pandemic in effect, the Company intends to have strong social media with geo-targeting of stores, (WPP) whole sale price promotions/discounts, trade magazine support and micro influencer at home tasting kits and campaigns.

Success in the private retail distribution network will facilitate supply relationships with the large government controlled alcohol buyers in Western Canada.

[26] The general listing is a full annual listing for products of a given supplier with the LCBO.
[27] Calculated as: the total number of cases divided by the total number of accounts (in a particular province) divided by the total number of days of the week.
[28] Supra note 27.
[29] "Smart Alcohol has arrived in Canada!", Huffington Post, November 7, 2017.

2.3 DEVELOPMENT OF BUSINESS

The Company is coming off its best year to date, even with the market impacts of COVID-19 in effect.

The audited financial statements as at June 30, 2020 illustrate almost half a million dollars ($487,739) in annual sales revenue, a 228% increase on prior year's sales ($148,839). A number of milestones in the 2020 calendar year contributed to these results including the following outcomes achieved in Ontario:

- 6,942 case sales of the Crafty Elk™ cranberry/blueberry & acai SKU;
- Obtaining a listing with LCBO, penetrating 335 stores at its peak; and
- Developing an e-commerce home delivery platform for all of Ontario, and selling an average of 148 cases per week under this platform since March 2020.

Meanwhile, in British Columbia the Company achieved the following outcomes in the 2020 calendar year:

- Contracting with a large and highly experienced sales agent for 2021;
- Obtaining its highest number of retail store listings (70 stores); and
- An average store pull rate of 6 cases (24 cans per case) per store per week.[30]

The Company anticipates that, all things being equal, new product development activities will assist its' plan to grow Product demand as well as its consumer base in 2021. Throughout a challenging 2019 and 2020 summer season (i.e. April to October) Crafty Elk™ experienced challenges with managing its operations in Western Canada, as the Company does not have a full time general manager to attend to day-to-day matters. This will continue to be a challenge until the business can raise enough capital to properly staff and support the market in Western Canada. Assuming the success of this Offering, the Company plans to hire at least one full time manager for Western Canada in 2021.

Crafty Elk™ has continued to use Ontario as the main hub for manufacturing its Product in 2019 and 2020 and intends to consider options for working with a local co-packer in either British Columbia or Alberta to help provide a steady supply chain and improve certainty of costs (such as shipping) in the Western Canadian market.

RESEARCH & DEVELOPMENT

The Company has developed two new flavors to be released in 2021:

- **LEMON, MINT & GREEN TEA; AND**
- **PEACH & GREEN TEA.**

Both of these flavors have lower sugar levels than the three current variants offered by the Company. The new flavors in combination with the 2019 addition of the blackberry, passionfruit & green tea variant, will be marketed as a multi-pack consumer offering of a "mixed – green tea pack".

The Company believes the addition of the two new flavors with the highly sought organic green tea base, will see the business take the necessary next steps to complete a successful 2021 campaign.

2.4 LONG TERM OBJECTIVES

The directors of Crafty Elk™ are actively working to develop the business with a view to long-term success. Building on the current business situation which is now generating sales income but is not yet profitable, Management believes it has created a vision that will integrate current short-term operational needs, with plans to create capital assets for greater chance of business longevity.

The Company would like to continue to build brand awareness with an overall craft image and build on the strong Halo Effect experienced in the regions of Ontario and British Columbia. The Company seeks to further position the brand on the west coast of Canada and the United States (the Interstate 5 corridor – British Columbia, Washington, Oregon and California). These two areas are zones where RTD's are more popular because of the warmer weather, the more outgoing lifestyle, and an increased popularity for organic and non-GMO products in these areas. The Company estimates that the capital expenditure required to build this brand awareness ranges between CAD$1.0 million and CAD$1.5 million.

From a capital planning perspective:

- The Company envisions a distillery/manufacturing/head office facility as the cornerstone to its capital expenditure plans. The Company estimates that the capital expenditure required to complete this facility ranges between CAD$1.2 million and CAD$1.5 million.
- The Company intends to set up a fully automated manufacturing line and canning for its Products. The Company estimates that the capital expenditure required build this brand awareness ranges between CAD$1.4 million and CAD$1.6 million.

The Company plans to launch its first mini distillery/juice retail outlet in 2021. In order to navigate the societal impacts of COVID-19, the approximately 2,000 square foot shops would have small batch Stills to produce both vodka and gin spirts missed with limited edition fresh pressed juice. Providing taste and touch customer experiences in a manner that complies with applicable health and safety protocols is something the Company desires to bring to market for its Products. The Company also envisions having pilot taste stations for creative flavour discovery to inform new Product offerings in the future. The Company hopes to have multiple mini distiller/juice retail outlet locations by the end of 2022, equipped with small batch Still, a pick-up window, indoor/outdoor seating with a patio and online e-commerce purchase portals for home delivery. These outlets are intended to cater to individuals that seek a premium spirit value-add experience, while also providing beverage options for non-alcohol drinkers. By providing other direct-to-customer retail experiences (i.e. a gin making distillery class, etc.) and making Crafty Elk™ apparel available at all sites, the Company hopes to build on it's brand to create a well established culture and following for Crafty Elk™ and its Products.

Management believes the above strategy could underpin the Company's continuing mid-term expansion plans into the Canadian provinces of Alberta and British Columbia primarily and obtain strong retail exposure and support in these provinces. Following this, entry into the United States of America marketplace is projected to occur in 2021-2022, which forms part of the Company's long-term plans to realize distribution throughout North America. The following is a projected timeline:

Projected timeline of long term objectives:	Expected completion date (or period of completion):	Estimated Costs
Consolidate mid-term expansion plans for the Western Canadian Market (1)	November 2021	$5,000
Finalize business model for expansion into the US market via the Interstate 5 corridor (2)	November 2021	$15,000
Secure a Director of Sales and independent alcohol agent for the US market (3)	December 2021	$20,000
Secure west coast supply chain, manufacturing, and logistical partners for expansion into the US market (4)	January 2022	$1,200,000
Prepare retail landing strip for USA market entry (5)	February 2022	$50,000
Register new company entity to house manufacturing plant asset	March 2022	$1,000
Secure head-office property address and co packing site (6)	March 2022	$600,000
Obtain licenses for manufacturing and distillery operations	April 2022	$42,500
Secure co-packing equipment (7)	April 2022	$950,000
Building inspections and industrial adjustments (i.e. electrical, plumbing, architectural works)	May 2022	$80,000
Enter the US market (8)	May 2022	$1,050,000
Complete roll-out of multiple Mini-Distillery in-house Retail outlets (9)	June to December 2022	$2,070,000
	Total Cost-To-Complete:	**$6,083,500**

The estimated expenditures in the above table are anticipated to cover the costs of market entry and not the ongoing costs of marketing associated with the operations within a specific market.

(1) Includes travel, meetings, and consultants costs.
(2) Includes consultant fees, travel, meetings, due diligence costs and legal fees; funds could be redirected if the United States launch is delayed.
(3) Consultant's fees and travel costs; contingent on the successful entry into the major US markets.
(4) Includes consultant fees, travel & meeting costs, legal fees and proprietary equipment to manufacture organic alcohol; funds could be redirected to the Canadian markets if entry into the United States market is delayed.
(5) Includes travel, legal & licensing costs of engaging with retail chain distributors in west coast states of Oregon, Washington, Colorado, Texas and California (such as Whole-foods, Albertsons, Sprouts, & Safeway).
(6) For site purchase and ancillary acquisition costs; dependent on maximum offering being achieved.
(7) Estimated costs to purchase co-packing equipment: two (60 bbl) brite tanks, one (15 bbl) mixing tank, one (60 bbl) blending tank, canning line, automated case pack/shrink wrap machine, tunnel pasteurizer and laboratory equipment including, but not limited to, high pressure liquid chromatography, thin layer chromatography, beakers, weigh scale, pipettes, petrie trays and McCarthy solutions.
(8) Includes estimated advertising and marketing program budget to penetrate into one regional market of the United States – for example, California – plus sales team costs and in-store merchandising.
(9) Estimate cost for multiple sites includes property enquiry, lease to purchase options, fit-out and licensing as required; does not include operating costs post acquisition.

The following tables discloses the anticipated steps required to be taken, and milestones to be achieved, by the Company for the purpose of setting up a fully automated manufacturing line for its Products:

Task to Complete	Required Equipment/Building details	Target completion date or status update	Estimated Cost
Purchase two (60 bbl) Brite tanks, one (60 bbl blending tank), one (15 bbl mixing tank)	70 Barrel Brite tanks	April 2022	$105,000
Canning line system	automated de-palletizer, shaker unload table, Can Carrier Applicator, Ink Jet coder	April 2022	$420,000
Purchase of Tunnel Pasteurizer	Steady State anti-microbial processor	April 2022	$350,000
Obtain Shrink Wrap/Case Packer (used)	Final packaging of 24 cans in tray with shrink wrap seal	April 2022	$75,000
Contingency	Including site integration works for electrical, civil or architectural integration	May 2022	$80,000
		Total Estimated Cost To Complete:	**$1,030,000**

The following tables discloses licenses required by the Company for the purpose of setting up a fully automated canning line for its Products:

Licenses Required	Expected completion date (or period of completion)	Estimated Cost
Pro-Cert Organic Certification	Currently on-going	$3,700
CRA - Alcohol Manufacturing license to produce	March 2022	$5,000
CRA - Bonded Warehouse - Storage of alcohol	March 2022	$30,000
Distillery License	March 2022	$3,800
	Total Cost-To-Complete:	**$42,500**

2.5 SHORT TERM OBJECTIVES AND HOW THE COMPANY INTENDS TO ACHIEVE THEM

Over the next 12 months, the Company intends to focus on expanding the Crafty Elk™ brand into areas where RTD's are popular by finalizing co-packing in Western Canada and introducing the brand to the Interstate 5 corridor of western USA. This will be achieved through a grass roots philosophy to grow and build brand awareness by completing the following:

- engaging a co-packer in British Columbia to supply retail stores in both British Columbia and Alberta to decrease distribution costs on a case by case basis and to create a "locally made" product marketing perspective for Western Canada;
- negotiating and entering into an exclusive retail distribution agreement in Alberta with a multi retail chain distributor for in store merchandizing, including end caps, store signage, store magazine support, and whole sale price promotions, to increase consumer awareness;
- completing the production of a new green-tea line of beverages to provide customers with increased product selection;
- finalizing social media targeting ad spending for home delivery in Ontario and customer geo-targeting for online and in store competitions via Instagram, Facebook, TikTok and Snapchat;
- hiring a full time brand ambassador to conduct liquid-on-lips pop tastings in British Columbia at COVID-19 safe venues;
- commissioning the manufacturing of a customized mobile tasting vehicle to be utilized by a brand ambassador for pop-up product tasting events in British Columbia;
- developing a full merchandising program in British Columbia via the traditional BC Taste magazine;
- continuing to build brand awareness through in store tastings, pop tastings, whole sale price promotions, and swag discounts/giveaways;
- continuing to service on premise venues including golf courses and outdoor patio bars where social distancing can remain in effect;
- hiring a dedicated sales team to support strategic regional retail launches, and to maintain high quality merchandising and brand awareness programs;
- creating a home delivery program in Western Canada with the engagement of an experienced logistics partner;
- launching the first mini-distillery/juice retail outlet complete with small batch Still, pick-up window, indoor/outdoor seating with a patio and online e-commerce purchase portal for home delivery; and
- engaging a third party co-packer on the west coast of America to develop the Company's proprietary organic and gluten free Hard Juice™ alcohol that is tax efficient for the Company for USA market participation.

The following table discloses how the Company intends to meet these objectives:

What we must do and how we will do it	Target completion date or status update	Estimated Cost
Obtain funding to ensure appropriate expansion of business operations are in line with market entry requirements[1]	November 2020	$41,250
Secure supply chain, manufacturing, and logistical partners for the British Columbia market[2]	November 2020	$250,000
Complete exclusive retail distribution agreement with major Alberta distributor inclusive of in-store merchandising program[3]	November 2020	$250,000
Complete new Product offerings for British Columbia & Alberta targeting organic market consumers[4]	January 2021	$20,000
Hire dedicated Sales Team for Western Canada[5]	February 2021	$250,000
Replicate Home Delivery program in Western Canada with experienced logistics partner(6)	February 2021 to September 2021	$80,000
British Columbia merchandising program for BC Liquor stores[7]	March to November 2021	$300,000
Execute specific sales, digital media and promotional programs to complement BC LRS private retail store marketing[8]	March to November 2021	$140,000
British Columbia brand ambassador program including liquid-on-lips pop-up tastings[9]	March to November 2021	$215,000
Launch first mini-distillery in-house retail outlet[10]	March to November 2021	$650,000
Find partners to manufacture proprietary organic and gluten free Hard Juice™ alcohol for US product launch[11]	Currently ongoing	$25,000
	Total Estimated Cost-To-Complete:	**$2,221,250**

(1) Includes costs of preparing Offering Memorandum including financial statement audit and investor presentation costs.
(2) Includes consultants' fees, travel costs, due diligence and legal fees, and contingency for commitment to minimum product manufacturing levels
(3) Includes flights to Alberta, hotel and frequent stops in Calgary and surrounding areas to attend negotiations and meetings with retailers (e.g. Liquor Depot chain); will be inclusive of full in-store merchandising of product and shelves.
(4) Costs include final product costs for new packaging die-lines, testing and organic certification.
(5) Includes costs for Director of Sales and two Regional Managers.
(6) Includes travel and legal costs for agreements; integrated social media targeting ad spend and geo-targeting campaigns for online competitions; dependent on completion of earlier short-term goals.
(7) Budgeted marketing program costs for the BCLDB.
(8) Includes in-store sales, impact shelf displays, mini thematic end caps for holiday summer weekends in Canada (i.e. May long weekend, Canada Day long weekend and Labor Day and marketing & trade magazines).
(9) Seven month campaign allowing for brand ambassador (or media influencer) including customized mobile pop-up tasting vehicle and travel allowances.
(10) Includes property costs, outfitting the building, licensing fees and first year operating expenses.
(11) Includes consultants' fees, travel costs, and legal fees.

2.6 INSUFFICIENT FUNDS

The funds raised under the Series A Round were insufficient to complete the setup of the desired in-house manufacturing system. The funds raised under the Series B Round and Series C Round were sufficient to support the desired expansion of the brand across the Canadian market. Currently the Company has sufficient capital and reserves in the form of ingredients to manufacture enough Product for existing retail store listings and current demand in the market. The Company intends to complete the current Series D Round of CAD$10,000,000 to continue to support the expansion of the brand across the Canadian market and facilitate its other stated objectives.

2.7 MATERIAL AGREEMENT

The following summarizes the material agreements to which Crafty Elk™ is currently a party:

CO-PACKING ARRANGEMENTS

Crafty Elk™ works with an independent packing business in the greater Toronto area of Ontario. Crafty Elk entered into a contract with this third party co-packer on or about December 13, 2018. The term of this contractual agreement will expire in 2021. Subject to the deal was the purchase of a 'tunnel pasteurizer' by Crafty Elk, and is contracted for payback on a case discount of $0.91 per case manufactured by the third party co-packer. The co-packer agreed to protect Crafty Elk's Product recipes through a non-compete agreement and to never run another organic Ready-to-Drink or direct competitor down their manufacturing lines. Also, a term of the contract is the payment of royalties to Crafty Elk in the amount of $0.25 per case made when a non-competitive product is manufactured down their line. The co-packer provides an integrated service to:

- store, warehouse all ingredients products;
- blend and mix the ingredients; and
- fill and package final products.

There is no standard rate payable in connection with this agreement. Payments are made by the Company pursuant to invoices for the packing services rendered by the service provider from time to time.

UNSECURED PRIVATE LOAN AGREEMENTS

The Company has entered into an unsecured private loan agreement with one of its shareholders, Thirsty World Limited, dated February 1, 2017. Thirsty World Limited, is a Canadian company controlled by the directors of the Company. Crafty Elk can repay any portion of the loan without penalty and the loan matures June 30, 2021. This loan agreement bears no interest and can become due upon demand, with no penalties for late payment. As of the date of this Offering Memorandum, the principal amount borrowed under this loan agreement is $97,675. The loan agreement schedule below specifies the maximum principal amounts that the Company is permitted to draw over the next year:

July 1, 2020 – June 30, 2021	**$250,000**

The Company has also entered into another unsecured private loan agreement with another shareholder dated February 28, 2019.[31] This party is a Canadian resident and Crafty Elk™ can repay any portion of the loan without penalty. This loan agreement bears interest at a rate of 12% per annum and can become due upon demand, with no penalties for late payment. As of the date of this Offering Memorandum, the principal amount borrowed under this loan agreement is $136,279.

SUPPLY ARRANGEMENTS

Crafty Elk™ worked diligently during 2018 to assemble a robust supply-chain network that underpins product supply to the provinces of Ontario, Alberta and British Columbia. These suppliers provide:

- product flavoring including laboratory and research and development services;
- label printing;
- supply of aluminum cans and aluminum caps;
- manufacture of corrugate paper case packs and inserts;
- agency distribution; and
- freight logistics.

The Company submits purchase order to the suppliers when services are required. The arrangements with the above- noted suppliers are based on agreed pricing and volumes. Payment terms vary depending on the supplier and in some instances, deposits on services ordered may also be required prior to supply.

COMMERCIAL INSURANCE

The Company has general liability and directors and officer's insurance with Zehr Insurance Brokers (Zehr Insurance Company, Canada), which is currently in place until August 24, 2021.

[31] Due to confidentiality obligations, the Company cannot publicly identify the shareholder by name.

3.0 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS & PRINCIPAL HOLDERS

3.1 COMPENSATION AND SECURITIES HELD

The following table provides specified information about each director and officer of the Company and any person who, as of the date of this Offering Memorandum directly or indirectly beneficially owns or controls 10% or more of the outstanding Shares of the Company.

Name and municipality of principal residence	Positions held (e.g. director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Greg Gilliland London, Ontario	Director, President & Secretary (January 10, 2017)	Compensation paid last financial year: $15,000 Anticipated compensation paid in current financial year: $48,000	200,000 of Shares 1.56%	200,000 of Shares 1.31%
Phil Parkinson London, Ontario	Director (January 10, 2017)	Compensation paid last financial year: Nil Anticipated compensation paid in current financial year: $24,000	72,000 of Shares (0.56%)	72,000 of Shares (0.47%)
Thirsty World Limited[(1)]	Principal Holder	N/A	10,000,000 of Shares (77.97 %)	10,000,000 of Shares (65.68%)

[(1)] Thirsty World Limited, an Alberta-based company holds 10,000,000 Shares of the Company. Greg Gilliland is a director and President of Thirsty World Limited and holds 10,000,000 (58%) of the shares of Thirsty World Limited.

3.2 MANAGEMENT EXPERIENCE

The following table discloses the principal occupations of our directors and executive since inCompany on January 10, 2017.

	Principal Occupation and Related Experience
Greg Gilliland Director, President and Secretary	Greg is the Company's President and Secretary. Greg holds a Bachelor of Pharmaceutical Science and a certificate in Complementary and Alternative Medicine. He has extensive experience working in the nutraceutical industry. A winning strength and conditioning coach for high profile sports athletes and actors, Greg was also a motivational coach as well as a business man, developing successful businesses in the music and fitness industry. Greg is also the President and Secretary of Thirsty World Limited. Having managed a pharmacy for four years, Greg saw first-hand the consumer need for safe drinks that could be consumed by people with a variety of health ailments, like diabetes. He responded to this by creating a number of beverage products, with the Crafty Elk brand representing the first "Hard Juice" alcohol variant to market, aimed.at providing a smarter alternative to pre-mixed alcohol beverages – drinks with healthier organic ingredients to improve quality of life. It's his way of giving back to the world for what he calls, the love of life. His education, combined with six years of experience in the pharmaceutical and research fields, have given him a wealth of knowledge in physiological systems, organic chemistry, and bio-molecular structure determination, all of which go into the crafting of each and every beverage. Driven to succeed, his goal is to develop a diverse range of health products to improve health and give back to the earth.
Phil Parkinson Director	Phil is a director of the Company. Phil is an experienced professional in business and accounting and is in charge of integrated planning and tax management for the Company. After working with Ernst & Young and Chubb Limited, he is now employed by Klick Health as their Canadian head of taxation. Phil is also a director of Thirsty World Limited. Phil received his MBA from Wilfrid Laurier University and is a proven businessman and seasoned accounting professional, with 10 years of successfully adding value and experience in tax, accounting, technology, management and business advisory services.

3.3 PENALTIES, SANCTIONS AND BANKRUPTCY

None of the directors or executive officers has been involved in penalties, sanctions, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years. In addition, no director or executive officer has made a declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets that has been in effect during the last 10 years.

3.4 LOANS

As at the date of this Offering Memorandum, the Company has entered into an unsecured private loan agreement with one of its shareholders dated February 1, 2017. See ITEM 2.7 – MATERIAL AGREEMENTS.

4.0 CAPITAL STRUCTURE

4.1 SHARE CAPITAL

The table below describes the issued and outstanding securities of the Company as at the date of this Offering Memorandum.

Description of Security	Number Authorized to be Issued	Price Per Security	Number Outstanding as at October 31, 2020	Number Outstanding Assuming Completion of Minimum Offering	Number Outstanding Assuming Completion of Maximum Offering
Class "A" Shares	Unlimited	Between $0.00001 and $1.25	12,826,045	12,826,045(1)	20,826,045 (2)
Class "B" Shares	Unlimited	N/A	0	0	0

(1) There is no minimum offering, therefore the minimum offering assumes that no additional Shares will be sold.
(2) The maximum number of Shares that could be issued under a Maximum Offering is 2,400,000. This is calculated as $3,000,000 (the amount remaining to be raised to meet the Maximum Offering amount) divided by $1.25 per Share. The Maximum Offering may not be reached and, as a result, it is possible that fewer Shares will be issued under a Maximum Offering than noted above.

4.2 LONG TERM DEBT SECURITIES

The Company has the following long-term debt.

Description of Long Term Debt (Including Whether Secured or Not)	Interest Rate	Repayment Terms	Amount Outstanding as at October 31, 2020
Unsecured shareholder Loan from Thirsty World Limited(1)	Nil.	On Demand	$97,675
Unsecured private loan agreement with shareholder(2)	12%	On Demand	$136,279

(1) Thirsty World Limited is a related party to the Company. See ITEM 2.7 – MATERIAL AGREEMENTS.
(2) The lender is a shareholder of the Company. See ITEM 2.7 – MATERIAL AGREEMENTS.

4.3 PRIOR SALES

The table below discloses information regarding the Shares issued within the approximate last 12 months.

Date of Issuance	Type of Security Issued	# of Securities Issued	Price per Security	Total Funds Received
December 20, 2019	Shares	40,000	$1.25	$50,000.00[1]
October 21, 2020	Shares	32,490	$1.25	40,612.50

[1] These securities were issued in exchange for services provided by the subscribers. The services provided included commercial photography and videography to be used for social media marketing/advertising and retail signage.

5.0 SECURITIES OFFERED

5.1 TERMS OF SECURITIES

The Shares issued pursuant to this Offering Memorandum are Shares with no par value and are, or will be when issued, fully paid and non-assessable. All rights and restrictions tied to the Shares are clearly set forth in this Offering Memorandum.

The Company is offering the Shares in Canada, but only pursuant to applicable prospectus exemptions under NI 45-106. The Company is not offering Shares under the Offering Memorandum in the province of Québec.

Subscriptions will be received subject to rejection in whole or in part and the Company reserves the right to close the subscription books at any time without notice. There may be one or more closings. There is no Minimum Offering. Therefore, you may be the only purchaser.

Voting: The holders of Shares are entitled to one vote per share at all meetings of shareholders.

Distribution of Profits: The Shares of the Company are entitled to receive dividends if, as and when declared by the board of directors of the Company.

Reception of Shares: The Shares of the Company are not redeemable.

Transferability: The Share purchased under this Offering are subject to restriction on transfer:

(i) as imposed by applicable securities legislation (See ITEM 10 – RESALE RESTRICTIONS); and

(ii) as detailed in the Company's Articles of InCompany.

Conversion: The Shares are not convertible.

Liquidation Entitlement: If the Company is liquidated, dissolved, or wound-up, the proceeds after payment of all expenses and outstanding indebtedness will be paid the holders of the Shares, on a pro-rata basis, subject to the prior rights and privileges attaching to any other class of shares of the Company.

5.2 SUBSCRIPTION PROCEDURE

(a) Subscription Documents

Subscribers wishing to subscribe for Shares will be required to enter into a Subscription Agreement with the Company which will contain, among other things, representations, warranties and covenants by the subscriber that it is duly authorized to purchase the Shares, that it is purchasing the Shares as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Shares and that the Company is relying on an exemption from the requirements to provide the Subscriber with a prospectus and as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, may not be available to the Subscriber.

In order to subscribe for Shares, a purchaser must complete, execute and deliver the following documentation:

(i) one completed and signed copy of the Subscription Agreement (including any schedules attached thereto);

(ii) a certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to the Company or its legal counsel;

(iii) completed and executed copies of the appropriate investor qualification form(s) and/or risk acknowledgement form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment.

Subject to applicable securities laws and the Subscriber's two-day cancellation right, a subscription for Shares, evidenced by a duly completed Subscription Agreement delivered to the Company shall be irrevocable by the Subscriber. See ITEM 11 – PURCHASER'S RIGHTS.

Subscriptions for Shares will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Company to close the subscription books at any time, without notice. If a subscription for Shares is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

6.0 INCOME TAX CONSEQUENCES

In the opinion of Gowling WLG (Canada) LLP, counsel for the Company, the following summary describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a person who acquires Shares pursuant to this Offering Memorandum and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, holds the Shares as capital property and deals at arm's length and is not affiliated with the Company. Generally, the Shares will be considered to be capital property to a person provided the person does not hold the Shares in the course of carrying on a business and has not acquired the Shares in one or more transactions considered to be an adventure in the nature of trade. Certain persons who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have the Shares, and all other "Canadian securities" (as defined in the Tax Act), owned by such persons, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a person (i) that is a "financial institution", as defined in the Tax Act, and subject to the mark-to-market rules in the Tax Act; (ii) that is, or is controlled by a "specified financial institution", as defined in the Tax Act; (iii) that has made a functional currency reporting rules of the Tax Act apply; (iv) an interest in which would be a "tax shelter investment" as defined in the Tax Act; or (v) who has entered into a "derivative forward agreement" or "synthetic disposition arrangement" with respect to the Shares, both as defined in the Tax Act. In addition, this summary does not address the deductibility of interest by a person who has borrowed money or otherwise incurred debt to acquire Shares.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, and counsel's understanding of the current administrative and assessing policies of the CRA published by it in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by or on behalf of the Minister of Finance (Canada) ("Tax Proposals") and assumes that the Tax Proposals will be enacted substantially as proposed; however, no assurance can be given that the Tax Proposals will be enacted as proposed or at allThis summary is not exhaustive

of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by legislative, governmental or In the opinion of Gowling WLG (Canada) LLP, counsel for the Company, the following summary describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a person who acquires Shares pursuant to this Offering Memorandum and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, holds the Shares as capital property and deals at arm's length and is not affiliated with the Company. Generally, the Shares will be considered to be capital property to a person provided the person does not hold the Shares in the course of carrying on a business and has not acquired the Shares in one or more transactions considered to be an adventure in the nature of trade. Certain persons who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have the Shares, and all other "Canadian securities" (as defined in the Tax Act), owned by such persons, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

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This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Shares. Consequently, prospective purchasers should seek independent professional advice regarding the tax consequences of investing in the Shares, based upon their own particular circumstances.

Dividends

A shareholder will be required to include in computing its income for a taxation year, any taxable dividends received (or deemed to be received) on the Shares in the year. An amount paid by the Company upon a redemption, acquisition, or cancellation of the Shares will be deemed to be a taxable dividend to the extent it exceeds the paid-up capital of the Shares held by a shareholder. A distribution to shareholders on the winding-up, discontinuance or reorganization of the Company's business will be deemed to be a taxable dividend to the extent the amount distributed exceeds the amount, if any, by which the paid-up capital in respect of the Shares is reduced upon the distribution.

A taxable dividend received (or deemed to be received) by an individual will be subject to the gross-up and dividend credit rules under the Tax Act normally applicable to taxable dividends received from a taxable Canadian Company, as defined in the Tax Act. An enhanced dividend tax credit in respect of "eligible dividends" designated by the Company will be available to individual shareholders. Taxable dividends received (or deemed to be received) by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

Taxable dividends received (or deemed to be received) by a corporation will be included in the corporate shareholder's income, but generally will be deductible in computing such corporate shareholder's taxable income, subject to the application of a specific anti-avoidance rule which may re-characterize such dividends as proceeds of disposition or a capital gain. A shareholder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable to pay an additional tax under Part IV of the Tax Act (which may be refundable in certain circumstances) on dividends, received (or deemed to be received) on the Shares to the extent such dividends are deductible in computing the corporate shareholder's taxable income.

In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a corporate shareholder as proceeds of disposition or a capital gain. Corporate shareholders should consult their own tax advisors having regard to their own circumstances.

Capital Gains and Losses

A disposition or deemed disposition by a shareholder will result in a capital gain (or capital loss) to the shareholder to the extent that the proceeds of disposition of such Shares, net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Shares. A shareholder's adjusted cost base of the Shares generally will be the shareholder's subscription price for the Shares, subject to certain adjustments in accordance with the Tax Act.

One-half of the capital gain realized in a taxation year by a shareholder from a disposition or deemed disposition of Shares must be included in computing the shareholder's income as a "taxable capital gain". One-half of a capital loss realized in a taxation year by a shareholder from a disposition or deemed disposition of Shares will be deductible as an "allowable capital loss" against taxable capital gains realized in that year, and to the extent such allowable capital losses exceed taxable capital gains in the year, may be applied in the three previous taxation years or any subsequent taxation year, subject to certain restrictions contained in the Tax Act.

The amount of any capital loss realized by a Company on the disposition of Shares may be reduced by the amount of any dividend received or deemed to be received by such Company on such Shares (or on substituted shares) as described in the Tax Act. Similar rules may apply where a Company is a member of a partnership or a member of a trust that, directly or indirectly, owns Shares.

A shareholder that is an individual or trust may be liable to pay alternative minimum tax as a result of realizing a capital gain. A shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax on it's "aggregate investment income" (as defined in the Tax Act) for the year, including taxable capital gains, which may be refundable in certain circumstances.

RRSP Eligibility

Not all securities are eligible for investment in a registered retirement savings plan (RRSP) or other deferred plan(s). Prospective purchasers intending to acquire Shares in an RRSP or other deferred plan(s) should consult their own professional advisors to obtain advice on the eligibility of these Shares for such investment.

7.0 COMPENSATION PAID TO SELLERS AND FINDERS

The Company reserves the right, as allowed by applicable securities legislation, to retain agents to help affect sale of the Shares. The Company is willing to pay such agents a cash commission of up to 5% of the value of the Shares sold under the Offering, excluding Shares sold prior to the date of this Offering Memorandum, being a maximum aggregate amount of $500,000.

8.0 RISK FACTORS

Purchase of Shares pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. An investment in Shares is appropriate only for investors who are prepared to invest money for a long period of time and who have the capacity to absorb a loss of some or all of their investment. Investors must rely on management of the Company. Any investment in the Company at this stage involves a high degree of risk.

It is strongly recommended that each Subscriber, in order to assess tax, legal and other aspects of an investment in the Shares, obtain independent legal and tax advice with respect to the Offering and this Offering Memorandum.

This is a speculative Offering. The purchase of Shares involves a number of risk factors and is suitable only for Subscribers who are aware of the risks inherent in alcoholic beverage industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on a Subscriber's investment.

The Company advises that prospective Subscribers should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

There has been and continues to be a global pandemic related to the outbreak of COVID-19. This outbreak (and any future outbreaks) of COVID-19 has led (and may continue to lead) to disruptions in global economic activity, resulting in, among other things, increased unemployment and disruption to business. These circumstances may have an adverse impact on the Company's business, including by way of (i) decreasing levels of business activity, which may adversely impact sales and (ii) public health measures, which may adversely impact manufacturing and production. These circumstances may also disrupt the ordinary course of operations of the Company. While the Company has adapted to the pandemic, no assurances can be made that such strategies will successfully mitigate the adverse impacts related to the COVID-19 outbreak. A prolonged outbreak of COVID-19 could adversely impact the health of the Company's Management, employees, borrowers, agents, and other third parties.

In addition to the factors set forth elsewhere in this Offering Memorandum, prospective Subscribers should consider the following risks before purchasing Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Company's business, and/or the return to the Subscribers.

8.1 INVESTMENT RISK – RISKS THAT ARE SPECIFIC TO THE SHARES BEING OFFERED UNDER THIS OFFERING INCLUDE THE FOLLOWING:

(i) Securities are Speculative – The securities offered hereunder must be considered highly speculative and an investment in such securities involves a high degree of risk. Due to the nature of the Company's business and the present stage of development of its business, the Company may be subject to significant risks. The Company's actual operating results may be very different from those expected as at the date of this Offering Memorandum in which event the trading price of the Shares could decline and a subscriber may lose all or part of his or her investment.

(ii) Restrictions on Shares and No Public Market for Shares – There is presently no public market for the Shares and none is expected to develop in the foreseeable future. The Shares are also subject to substantial restrictions on transfer under securities laws and the Articles of InCompany the Company. Accordingly, the Shares may not be resold or otherwise transferred, except in accordance with the Articles of the Company or in accordance with such applicable Canadian securities laws. See ITEM 10 – RESALE RESTRICTIONS.

(iii) Value of Securities of the Company – The price for Shares of the Company is determined by management and may not bear any relationship to earnings, book value or other valuation criteria.

(iv) Tax Matters – The return on a Subscriber's investment in his/her or its Shares is subject to changes in Canadian Federal and Provincial tax laws, as well as any other tax laws applicable to the shareholders. There can be no assurance that the tax laws will not be changed in a manner which will fundamentally alter the tax consequences to investors of holding or disposing of the Shares.

(v) Dilution – After completion of the Offering, then existing shareholders may have their interests diluted. Moreover, in the event the Company requires additional equity financing pursuant to the Shares offered under the Offering, purchasers of the additional Shares may experience further dilution to the extent that such Shares may be issued for a value less than the price paid for conversion of Shares acquired hereunder.

(vi) No Minimum Subscription – The Offering is not subject to a minimum subscription (i)Securities are Speculative – The securities offered hereunder must be considered highly speculative and an investment in such securities involves a high degree of risk. Due to the nature of the Company's business and the present stage of development of its business, the Company may be subject to significant risks. The Company's actual operating results may be very different from those expected as at the date of this Offering Memorandum in which event the trading price of the Shares could decline and a subscriber may lose all or part of his or her investment.

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(vi) No Minimum Subscription – The Offering is not subject to a minimum subscription amount and, therefore, any funds received from a purchaser will be made available to the Company subject only to the purchaser's rights described herein and need not be refunded to the purchaser in the event the Company is unable to raise sufficient capital to satisfy its short or long term objectives. In the event that the Company does not raise or invest the Maximum Offering, there may be insufficient funds to achieve all of the Company's objectives or to continue to operate its business on a go-forward basis. If that were to occur, any purchaser of securities of the Company may be unable to recover their investment proceeds.

(vii) Absence of Management Rights – In assessing the risks and rewards of an investment in Shares, potential Subscribers should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Company to make appropriate decisions with respect to the management of the Company, and that they will be bound by the decisions of the Company's directors, officers and employees. It would be inappropriate for Subscribers unwilling to rely on these individuals to this extent to purchase Shares.

(viii) Use of Funds – The Company will have significant discretion as to the use of the Company's funds, and while the Company intends to use the funds available on completion of the Offering as described herein, the Company may decide to alter its current business plan and may decide to expend the funds in a materially different manner in order to build its market share. Although the Company has crafted its budget carefully, there can be no guarantee that there will not be cost overruns on operational or capital expenses.

8.2 COMPANY RISK – RISKS THAT ARE SPECIFIC TO THE COMPANY INCLUDE THE FOLLOWING:

(i) Key Personnel – The Company's business will be significantly dependent on the Company's management team including outside management advisors and consultants. The loss of the Company's officers, other employees, advisors or consultants could have a material adverse effect on the Company. The Company's success depends, in part, on its ability to attract and retain key, technical, management and operating personnel, including consultants and members of the Company's board of directors. The Company needs to develop sufficient expertise and add skilled employees or retain consultants in areas such as research and development, business management and marketing in order to successfully execute its business plan. The Company may be unable to attract and retain qualified personnel or develop the expertise needed in these areas. If the Company fails to attract and retain key personnel it may be unable to execute its business plan, or its business could be adversely affected. The Company does not maintain key man insurance on any member of its management

(ii) Shareholder Control – Certain of the Company's existing shareholders, in particular Thirsty World Limited and Mr. Greg Gilliland, can exert significant control over the Company. If certain shareholders act together, they may be able to influence the Company's management and affairs and other matters requiring shareholder approval, including the election and appointment of directors and approval of significant corporate transactions. A concentration of control can facilitate, delay, or prevent a change in control of the Company's board of directors, and the interests of the controlling shareholders may not always coincide with the interests of all shareholders.

(iii) Conflict of Interest – Conflicts of interest may exist, and others may arise, between Subscribers and the directors and officers of the Company and their associates and affiliates. There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favorable to Subscribers. Persons considering a purchase of Shares pursuant to this Offering must rely on the judgment and good faith of the directors, officers and employees of the Company in resolving such conflicts of interest as may arise.

(iv) Inability to Manage the Potential Growth of the Business – The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with potential growth could have a material adverse impact on its business, operating results, financial condition or profitability. Any expansion of operations the Company may undertake will entail risks; such actions may involve specific operational activities, which may negatively impact the profitability of the Company. Consequently, shareholders must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to the Company at that time, and (ii) management of such expanded operations may divert management's attention and resources away from other operations, all of which factors may have a material adverse effect on the Company's present and prospective business activities.

(v) Need for Further Debt or Equity Financing — The Company 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. The Company 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. Moreover, neither the Company's Articles of Incorporation nor its By-laws limit the amount of indebtedness that the Company may incur. The level of the Company'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.

(vi) Limited Operating History – The Company was incorporated on January 10, 2017. To date, the Company has been actively involved in business planning, negotiating contracts (in particular flavour formulations, supply-chain and co-packing agreements), raising capital, ordering and paying for ingredients and packaging, manufacturing product and hiring consultants. The Company anticipated that its operating expenses will increase significantly in the near term, and consequently, it will need to generate significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot guarantee when, if ever, it will be profitable. As a result, there is no guarantee that the Company will achieve its investment objectives or earn a positive return, nor is there any assurance that the Company will achieve any or all of its short- and long-term business objectives detailed above.

(vii) History of Operating Losses and No Dividends – To date, the Company has accumulated net losses of approximately $781,477.00. The Company expects to continue to incur operating losses until such time as sales generate sufficient revenues to fund the Company's continuing operations. To date, the Company has not paid a dividend nor made a distribution on any of its securities. Further, the Company may never achieve a level of profitability that would permit payment of dividends or other forms of distribution to its shareholders. Given the stage of the Company's business, it may be a long period before the Company could be in a position to declare dividends or make distributions to its investors. The payment of any future dividends by the Company will be at the sole discretion of the Company's directors. Holders of Shares will be entitled to receive dividends only when, as, and if declared by the Company's directors.

(viii) Currency Fluctuations – It is anticipated that the Company will conduct business with a number of foreign clients and vendors and, as a result, some of its business may be conducted in currencies other than Canadian dollars. Fluctuations in the value of the Canadian dollar against other currencies could cause the Company to incur foreign currency losses. Risk exposure to exchange rate effects will be limited by conducting most transactions as denominated in Canadian dollars. To the extent that sales are invoiced, or equipment / materials are purchased in a foreign currency, the Company may use currency futures to reduce currency risk.

(ix) Risk of International Operations – The Company intends to sell its products internationally. As a result the Company may be subject to numerous risks, including, changes in laws, regulations and government policies, import and export restrictions, tariffs and trade barriers, currency exchange controls, changes in local tax rates or policies of local tax authorities, and political or economic instability. Although the Company cannot predict how and when its international sales and operations will develop, any significant adverse change in any of these factors in countries in which the Company intends to do business could adversely affect its objectives.

(x) 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. Additional information on the risks, assumptions, and uncertainties are found in this Offering Memorandum under the heading "Forward-Looking Statements & Forward-Looking Information".

(xi) Ingredients – Certified organic ingredients are essential to maintaining the Company's brand and the quality of its Products. Although the Company has not yet faced any issues in securing an adequate supply of ingredients, there is no guarantee that the Company will continue to be able to secure sufficient ingredients at an affordable cost. If agricultural crops become adversely affected by weather, pestilent or some other unforeseen factor, or if demand for such ingredients increases further, the timeliness and cost at which the Company is able to acquire such ingredients may be affected. A significant change of this nature could adversely affect the Company's financial performance, ability to meet Product demand and to continue its operations.

8.3 INDUSTRY RISK – RISKS FACED BY THE COMPANY BECAUSE OF THE INDUSTRY IN WHICH IT OPERATES INCLUDE THE FOLLOWING:

(i) Industry Relationship Risks – If the Company fails to develop and maintain relationships with industry participants, its business could suffer. The business operations of the Company will depend, in part, on agreements with industry partners for the sale of its products.

(ii) General Economic Conditions – The financial success of the Company may be sensitive to adverse changes in general economic conditions in Canada such as war, terrorist attacks, recession, inflation, labour disputes, demographic changes, weather or climate changes, unemployment and interest rates. There is no assurance that the Company will be successful in marketing any of its products and services, or that the revenues from the sale of such products and services will be significant. Consequently, the Company's revenues may vary by quarter, and the Company's operating results may experience fluctuations. Unanticipated obstacles to execution of the Company's business plans may change significantly as execution is capital intensive and may become subject to statutory or regulatory requirements. The Company reserves the right to make significant modifications to any of the Company's stated strategies depending on future events.

(iii) Competitive Marketplace – The Company's business strategy is to offer a health-conscious, certified organic RTD beverage. Competition for customers, supply chains and distribution networks is a challenge. As a result of this competition, there can be no assurance that the Company will be able to suitably execute the business strategy. In addition, if the Company is unable to suitably execute the business strategy, investment in the Shares could be adversely affected in a material manner by the unfavorable performance of the Company.

(iv) Regulatory Approvals – Legislative and regulatory proposals in Canada and other jurisdictions may lead to laws or regulations concerning various aspects of the alcohol and organic product industries. The adoption of new laws or the application of existing laws may decrease the demand for the Company's products, increase the Company's cost of doing business or otherwise have a material adverse effect on the Company's business, results of operations, financial condition and profitability. The market for the Company's products in jurisdictions other than Canada, may be subject to laws regulating the sale and operation of the Company's products and services that are materially different than those in Canada. As such, the products and services sold by the Company may be subject to local, state and federal legislation that has the effect of substantially restricting the sale or operation of such products and may prevent the Company from expanding into the jurisdiction subject to such laws.

(v) Product Liability Claims and Uninsured Risks – The manufacture of spirit-based beverage products involves unavoidable risks. The sale of products which the Company manufactures, in whole or in part, may expose the Company to potential liability resulting from the use of such products. Such liability might result from claims made directly by consumers or by regulatory agencies, or others selling the products manufactured by the Company. Other risks include fire, earthquake, tsunami, theft or other damage suffered by facilities and/or warehouses. Such risks could cause complications in production and delivery capabilities of the Company.

(vi) Intellectual Property Risk – The Company relies on the trademark, copyright, internet/domain name, trade secret and other laws of Canada and other countries, as well as nondisclosure and confidentiality agreements, to protect its intellectual property rights. However, the Company may be unable to prevent third parties from using its intellectual property without the Company's authorization, breaching any nondisclosure agreements with us, acquiring and maintaining domain names that infringe or otherwise decrease the value of the Company's trademarks and other proprietary rights, or independently developing intellectual property that is similar to the Company's. The use of our intellectual property by others could reduce or eliminate any competitive advantage we have developed, cause us to lose sales or otherwise harm our businesses. If it became necessary to litigate to protect these rights, any proceedings could be burdensome and costly, and we may not prevail. We cannot be certain that our intellectual property does not and will not infringe the intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the trademarks, copyrights and other intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in costly litigation and divert resources and the efforts of our personnel. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements (if available on acceptable terms, or at all) or to pay damages and to cease using certain trademarks or copyrights or making or selling certain products, or to redesign or rename some of our products or processes to avoid future infringement liability. Any of the foregoing could cause us to incur significant costs.

(vii) Environmental Risk – Although the Company's intended manufacturing activities may involve independent manufacturing and co-packing partners, the controlled use of potentially hazardous materials, including cleaning chemicals, waste products and inflammable spirits, will be subject to federal, provincial and local laws that specifically regulate the use, manufacture, storage, handling and disposal of such materials as well as general environmental regulations. Although the Company intends to establish procedures for the safe handling and proper disposal of such materials, in compliance with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of an accident, the Company could face court or regulatory proceedings and could face fines or be held liable for any damages or injury. The exposure to such risks could have a material adverse effect on the business, financial condition and future prospects of the Company and the overall liability could exceed the Company's resources.

The purchase of Shares is highly speculative. A potential Subscriber should purchase Shares only if it is able to bear the risk of the entire loss of its investment. An investment in the Shares should not constitute a significant portion of a Subscriber's investment portfolio.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in the purchasing of Shares. Potential investors should read this entire Offering Memorandum and the Subscription Agreement and consult with their legal and other professional advisors before determining to invest in the Shares.

9.0 REPORTING OBLIGATIONS

9.1 REPORTING TO SHAREHOLDERS

The Company is not a reporting issuer or equivalent in any jurisdiction and is therefore not subject to many of the continuous disclosure requirements contained in applicable securities legislation. Pursuant to the Canada Business Companys Act, it is required to hold an annual general meeting of shareholders not less than 18 months after the date of inCompany, and thereafter, not later than 15 months after holding the last preceding annual general meeting. The Subscribers will be given notice of meetings of the shareholders and will be able to vote at all such meetings. In addition, the Company will provide to its shareholders audited annual financial statements in accordance with the provisions of NI 45-106. Such financial statements shall be mailed to shareholder at their respective addresses set forth in the records of the Company or otherwise made reasonably available to shareholders within 120 days after the end of each of the shareholder's financial years. Each such set of annual financial statements shall also be accompanied by a notice of the Company disclosing in reasonable detail the use of aggregate gross proceeds raised by the Company pursuant to this Offering Memorandum in the form prescribed by NI 45-106. The Company shall also mail to shareholders at their respective addresses set forth in the records of the Company, or otherwise make reasonably available to Shareholders a notice of certain material events with respect to the Company in accordance with Section 17.20 of NI 45-106 within 10 days of the occurrence of the event. The foregoing documents shall be provided until the earlier of the time the Company becomes a reporting issuer in any jurisdiction of Canada or the date the Company ceases to carry on business.

Financial or other information relating to the Company and provided to you in the future may not by itself be sufficient for your needs to enable you to prepare your income tax returns or to assess the performance of your investment. The Company is not required to send you any documents on an annual or ongoing basis.

10.0 RESALE RESTRICTIONS

These securities are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

The certificates representing the Shares of the Company issued pursuant to this Offering will have the following legend inscribed thereon:

> "Unless permitted under securities legislation, you cannot trade these securities before the date that is four months and a day after the date the Company becomes a reporting issuer in any province or territory of Canada."

The Company has no intention of becoming a reporting issuer in any province or territory of Canada.

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- the Company has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

11.0 PURCHASER'S RIGHTS

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

Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase the Shares. To do so, you must send a notice to the Company before midnight on the second Business Day after you sign the Subscription Agreement in respect of the Shares.

Statutory Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the jurisdictions in which the Offering occurs provide you with a remedy to sue to cancel your agreement to buy these securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the Persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below and will be embodied in the Subscription Agreement to be executed and delivered by you to the Company prior to the issuance of the Shares. By its execution of the Subscription Agreement, the Company will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective jurisdiction for the particulars of these rights or consult with professional advisors.

Rights for Subscribers in Each Jurisdiction

British Columbia, Alberta, Prince Edward Island, Newfoundland, Northwest Territories, Nunavut and Yukon

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

(a) the Company to cancel your agreement to buy Shares; or

(b) for damages against the Company, every person who was a director of the Company at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. 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 agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of:

(a) 180 days after learning of the misrepresentation; or

(b) three years after the date of the transaction that gave rise to the cause of action.

Saskatchewan

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

(a) the Company to cancel your agreement to buy Shares; or

(b) for damages against:

(i) the Company, a director of the Company, or promoter of the Company, as the case may be, at the time the Offering Memorandum was sent or delivered;

(ii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them;

(iii) every person who, or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed the Offering Memorandum; and

(iv) every person who or company that sells Shares on behalf of the Company under the Offering Memorandum.

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 a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. 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 agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

(a) one year after learning of the misrepresentation; or

(b) six years after the date of the transaction that gave rise to the cause of action.

Manitoba

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

(a) the Company to cancel your agreement to buy Shares; or

(b) for damages against the Company, every person who was a director of the Company at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

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 a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. 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 agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

(a) one year after learning of the misrepresentation; or

(b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

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

(a) the Company to cancel your agreement to buy Shares; or

(b) for damages against the Company, every person who was a director of the Company at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

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 a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. 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 for damages or to cancel the agreement within 120 days of the date on which payment was made for the Shares.

Ontario

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

(a) the Company to cancel your agreement to buy these Shares; or

(b) for damages against the Company.

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 a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. 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 agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

(a) 180 days after learning of the misrepresentation; or

(b) three years after the date of the transaction that gave rise to the cause of action.

New Brunswick

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

(a) the Company to cancel your agreement to buy these Shares; or

(b) for damages against the Company.

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 a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. 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 agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

(a) one year after learning of the misrepresentation; or

(b) six years after the date of the transaction that gave rise to the cause of action.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.

12.0 FINANCIAL STATEMENTS

The following financial statements appear as part of this Item 12:
Audited Financial Statements for Crafty Elk Distillery Limited the year ended June 30, 2020.

DATE AND CERTIFICATE

Dated: November 01, 2020

THIS OFFERING MEMORANDUM DOES NOT CONTAIN A MISREPRESENTATION.

Signed: ______________________

(Greg Gilliland, President and Secretary)

ON BEHALF OF THE BOARD OF DIRECTORS

Signed: ______________________

(Greg Gilliland, Director)

Signed: Phil Parkinson ______________________

(Phil Parkinson, Director)

FINANCIAL STATEMENTS

CRAFTY ELK DISTILLERY LIMITED

JUNE 30, 2020

(Expressed in Canadian Dollars)

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

43 Church Street, Suite 500 + P.O. Box 1237 + St. Catharines, ON + L2R 7A7
phone 905.688.4842 fax 905.688.1746
www.jonesoconnell.ca

Independent Auditor's Report

To the Shareholders of Crafty Elk Distillery Limited

Opinion

We have audited the financial statements of **Crafty Elk Distillery Limited** ("the company"), which comprise the statement of financial position as at June 30, 2020, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Crafty Elk Distillery Limited** as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the company has incurred losses since inception and depends on its ability to achieve profitable operations and/or to raise adequate financing in order to ensure the consolidation of its products in the Canadian market. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
September 10, 2020

CRAFTY ELK DISTILLERY LIMITED

STATEMENT OF LOSS AND COMPREHENSIVE LOSS 12 MONTHS TO JUNE 30, 2020

(Expressed in Canadian Dollars)

	NOTE	June 30, 2020 $	June 30, 2019 $
Revenues		**487,739**	**148,839**
Cost of Goods Sold			
Ingredients supply		173,782	38,814
Packaging		4,296	20,038
Co-Packing fees		58,987	41,489
Write-down of Inventory		14,578	72,549
Scrappage due to supplier		23,054	-
Freight		10.201	11,131
Sales Commissions		54,610	26,504
Warehousing		40,779	8,088
Customs Broker		782	7,065
Direct Marketing		19,751	5,869
Total Cost of Goods Sold		**(400,820)**	**(231,547)**
Gross Profit		**86,919**	**(82,708)**
Expenses:			
Consultants		18,651	36,741
Depreciation & Amortization expense		1,866	2,148
Dues & Subscriptions		8,199	8,860
Finance costs		24,346	7,891
Insurance		6,929	13,497
Marketing Costs		58,663	80,698
Meals and Entertainment		6,485	7,762
Office Supplies		10,273	13,228
Professional Fees		84,055	161,103
Tradeshow Fees		32,763	33,226
Utilities and Telephone		5,865	5,429
Vehicle and Travel		24,560	23,277
Website		3,505	7,800
Total Expenses		**286,160**	**401,660**
Other Income / (Expense)		**7,958**	**(367)**
Loss and comprehensive loss for the period		**(191,283)**	**(484,735)**
Loss per Share:			
Basic including diluted loss per share		(0.01)	(0.04)
Weighted average number of shares outstanding Basic and Diluted		12,774,262	12,316,361

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

CRAFTY ELK DISTILLERY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

(Expressed in Canadian Dollars)

	NOTE	June 30, 2020 $	June 30, 2019 $
ASSETS			
Current Assets:			
Cash		132,911	194,731
Trade and Other Receivables		164,627	136,163
Short Term Receivable	5	51,163	
Inventories	3	142,604	355,437
TOTAL CURRENT ASSETS		491,305	686,331
Non-Current Assets:			
Property, plant and equipment	4	5,240	7,106
Long Term Receivable	5	-	60,466
Product Development	6	18,688	-
TOTAL NON-CURRENT ASSETS		23,928	67,572
TOTAL ASSETS		**515,233**	**753,903**
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	9	40,297	149,484
Due to a Related Party	8	274,991	294,678
TOTAL LIABILITIES		**315,228**	**444,162**
Shareholders' Equity:			
Issued Capital	11	933,356	893,562
Deposits on shares to be issued		48,066	6,373
Deficit		(781,477)	(590,194)
TOTAL SHAREHOLDERS EQUITY		**199,945**	**309,741**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		**515,223**	**753,903**

*Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board:

Director

Director

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

STATEMENT OF CASH FLOWS
12 MONTHS TO JUNE 30, 2020

(Expressed in Canadian Dollars)

	NOTE	2020 $	2019 $
Cash Flows from Operating Activities:			
Loss for the period		(191,283)	(484,735)
Items not involving cash:			
Write-down of Inventory		14,587	72,549
Scrappage due to Supplier		23,054	-
Share-based compensation	11	50,000	125,750
Amortization		1,866	2,148
Changes in non-cash working capital items			
Inventory	3	175,192	(257,134)
Accounts Payable and Accrued Liabilities	9	(109,187)	13,727
Accounts Receivable		(28,464)	3,869
Net Cash Used in Operating Activities		(64,235)	(523,826)
Cash Flows from Investing Activities:			
Property, Plant & Equipment	4	-	(55,909)
Long Term Receivable		9,303	-
Product Development		(18,688)	-
Net Cash Provided by Investing Activities		(9,385)	(55,909)
Cash Flows from Financing Activities:			
Share capital received	11	3,000	556,488
Share issuance costs		(13,207)	-
Deposits on shares to be issued		41,694	(40,000)
Repayments – Related Party		(19,687)	(11,220)
Due to a Related Party		-	159,697
Net Cash Provided by Financing Activities		11,800	664,965
Increase in Cash Held		(61,820)	85.230
Cash at beginning of period		194,731	109,501
CASH AT END OF PERIOD		132,911	194,731
Amount paid for Interest		Nil	Nil
Amount paid for Taxes		Nil	Nil

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
12 MONTHS TO JUNE 30, 2020

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital Ordinary	Deficit	Total
Balance at June 30, 2018		11,359,756	257,697	(105,459)	152,238
Issued Capital		1,391,400	635,865	--	635,865
Deposits on shares to be issued		--	6,373	--	6,373
Loss for the period		--	--	(484,735)	(484,735)
Balance at June 30, 2019		12,751,156	899,935	(590,194)	309,741
Balance at June 30, 2019		12,751,156	899,935	(590,194)	309,741
Issued Capital	11	42,400	39,793	--	39,793
Deposits on shares to be issued		--	41,694	--	41,694
Loss for the period		--	--	(191,283)	(191,283)
Balance at June 30, 2020		12,753,556	981,422	(781,477)	199,945

The accompanying notes form an integral part of these financial statements

NOTE 1: NATURE AND CONTINUANCE OF OPERATIONS

Nature of Operations

Crafty Elk Distillery Limited ('CED' or the "Company") is a private company, incorporated and domiciled in Ontario, Canada. The Company's head office principal address and registered records office is 921 Waterloo Street, London, Ontario N6A 3X2.

Going Concern

The Company's principal business activity is the manufacture of alcoholic beverages in Canada. These financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception and the ability of the company to continue as a going concern depends on its ability to achieve profitable operations and/or to raise adequate financing. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be not able to continue as a going concern.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to ensure the consolidation of its products in the Canadian market. Management estimates it will need additional financing within the next twelve months. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. In an effort to mitigate this uncertainty, the Company is actively seeking funding opportunities with both government agencies and private investors.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised by the Board of Directors of the company on September 10, 2020.

Statement of Compliance

The financial statements including comparatives have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations of the International Accounting Standards Board (IASB) effective as of January 1, 2019.

Basis of Preparation

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, and financial assets and financial liabilities.

Functional Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The reporting currency of the Company is the Canadian dollar.

Income Tax

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to /(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Cash

Cash is initially recorded at fair value upon inception and is measured at fair value through profit and loss. The fair value of cash approximates the recorded value due to the current nature.

Inventories

The Company categorizes its inventory as raw materials, finished goods and merchandise. All inventories are recorded at the lower of cost and net realizable value.

The cost of raw materials is determined on a first-in, first-out basis. The costs of finished goods determined on a standard cost basis and include raw materials, direct labour, and an allocation of fixed and variable overhead based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and sell the product. Inventories are written down to net realizable value if that net realizable value is less than the carrying amount of the inventory item at the reporting date.

Property, Plant & Equipment

Property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

<u>Plant & Equipment</u>
Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets whenever events or changes in circumstance indicate that its carrying amount may not be recoverable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line or diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20%
Motor Vehicles	30%
Computers	50%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss in the period in which they arise.

Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Revenue Recognition

Revenue from the sale of products is recognised when product is delivered or picked up by the customer and the ultimate collection is reasonably assured.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Long-term Receivables

Long-term receivables include amounts due from customers in the sale of Company assets agreed in writing, and where repayment terms are longer than 12 months. All long-term receivables are classified as non-current assets.

Long-term receivables are initially recognised at fair value and subsequently measured at carrying value, less any provision for impairment.

In the event such discounts do not cover the full amount of the receivable by June 21, 2021, then a final payment of the outstanding balance will be required. The borrower has the option to pay the outstanding balance at any time without penalty, such long-term receivable is secured by the asset sold.

Accounts Payable

Accounts Payable and Accrued Liabilities are recorded at fair value upon inception. Subsequent measurement is at amortized cost. The fair value of accounts payable and accrued liabilities approximate their recorded values due to their short-term maturities.

Product Development

Product Development it is an internally generated intangible asset that meets the criteria for capitalization under IAS 38 Intangible Assets of CPA Canada Handbook Part I and is considered a finite life intangible asset. The amortization rate that will be used is 10% but is not yet amortized as new product is not currently in production.

Due to a Related Party

Due to a related party is initially recorded on the balance sheet at the exchange amount agreed to between the related parties. Subsequent measurement is designated at amortized cost. The fair value of due to a related party is not determinable as the timing of future cash flows is unknown and cannot be estimated with certainty and thus cost is used as an approximation of fair value.

Share Based Compensation

In some instances, the Company has issued common shares to consultants who provide services to the company. In these instances, the amount recognized in expense and related share capital is based on the fair value of the common shares issued at that point in time.

(Expressed in Canadian Dollars)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basic and Diluted Loss per Share

Basic Loss per share is calculated by dividing "Loss and comprehensive loss for the period" by "Weighted average number of shares outstanding Basic and Diluted".

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statement based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

- Inventories:
  Inventories are valued at the lower of cost and estimated net realizable value. Significant estimation and judgement is required in the determination of net realizable value and cost to complete product.

New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the IASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- IFRS 16: *Leases*

  Effective July 1, 2019, IFRS 16: Leases will establish the requirement to capitalize long-term leased assets on the balance sheet with a related offsetting obligation under lease. The company has evaluated the impact of the new standard and the effect on its financial statements, and it has not had any material change in its assets, liabilities, shareholders' deficiency, revenue, expense or comprehensive loss from this change.

NOTE 3. INVENTORIES	**2020 $**	**2019 $**
Current:		
Inventories – Raw Materials	73,275	256,197
Inventories – Finished goods	69,329	75,800
Inventories – Merchandise	-	23,440
Total Inventories	142,604	355,437

(Expressed in Canadian Dollars)

NOTE 4. PROPERTY, PLANT AND EQUIPMENT:

	2020 $	2019 $
Plant and equipment - at cost	4,529	4,529
Less: Accumulated depreciation	(1,525)	(775)
	3,004	3,754
Computers - at cost	1,519	1,519
Less: Accumulated depreciation	(1,241)	(963)
	278	556
Motor Vehicles - at cost	5,575	5,575
Less: Accumulated depreciation	(3,617)	(2,779)
	1,958	2,796
Total Property, Plant and Equipment	**5,240**	**7,106**

<u>Movements in the Carrying Amounts</u>

Movements in the carrying amounts for each class of property plant & equipment between the beginning and the end of the current financial year are as follows:

	Plant & Equipment	Computers	Motor Vehicles	Total
Balance at June 30, 2018	**1,748**	**1,113**	**3,994**	**6,855**
Additions	55,909	-	-	2,399
Disposals	(55,510)	-	-	-
Depreciation Expense	(393)	(557)	(1,198)	(2,148)
Balance at June 30, 2019	**3,754**	**556**	**2,796**	**7,106**
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation Expense	(750)	(278)	(838)	(1,866)
Balance at June 30, 2020	**3,004**	**278**	**1,958**	**5,240**

NOTE 5: LONG TERM RECEIVABLE

On June 21, 2019, the Company entered into an agreement to sell an asset to a supplier for $53,510 + HST. This asset was purchased by the Company during the 2019 year, and then sold at cost to the supplier.

The long-term receivable is non-interest bearing and expected to be repaid by June 21, 2021. Repayment is in the form of discounted service fees during the term of repayment up to a maximum of the original receivable amount of $60,466. Its fair value at year end is $51,163 and now being current, is close to its carrying value given its short-term maturity.

In the event such discounts do not cover the full amount of the receivable by June 21, 2021, then a final payment of the outstanding balance will be required. The borrower has the option to pay the outstanding balance at any time without penalty, and such long-term receivable is secured by the asset sold.

(Expressed in Canadian Dollars)

NOTE 6: PRODUCT DEVELOPMENT

Product Development costs were capitalized during the year totalling $18,688 at June 30, 2020. The amortization rate that will be used is 10% but is not yet applicable as the new product is not currently in production.

	2020 $	2019 $
Product Development - at cost	18,688	-
Less: Accumulated amortization	-	-
	18,688	-

NOTE 7: INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020 $	2019 $
Loss for the year	(191,283)	(484,735)
Expected income tax (recovery)	(49,734)	(126,031)
Effect of temporary difference	49,734	126,031
Total income tax expense (recovery)	-	-
Current income tax	-	-
Deferred tax recovery	-	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2020	2019
Deferred tax assets (liabilities)		
Non-capital losses available for future period	203,184	153,450
	203,184	153,450
Unrecognized deferred tax assets	(203,184)	(153,450)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2020 $	2019 $	Expiry Date Range
Temporary Differences			
Non-capital losses available for future periods	768,686	577,403	2037-2040

(Expressed in Canadian Dollars)

NOTE 8. RELATED PARTY TRANSACTIONS

The Company's related parties consist of directors, officers and shareholders of the Company, with directors and officers in common and companies owned in whole or in part by the executive officers, directors or close family members of those individuals.

The Company defines key management personnel as directors and officers of the Company. During the period ended June 30, 2020, there was $15,920 paid to a related party for key management compensation ($18,000 paid in 2019).

The Company has a $97,675 credit facility with a related party, which is non-interest bearing, unsecured, and is due on demand. The Company may draw up to $250,000 on this credit facility. Amounts due under the credit facility at June 30, 2019 were $97,675.

Another loan of $41,036 is also owed to a related party. This loan is non-interest bearing, unsecured and due on demand ($41,036 at June 30, 2019).

The Company also has a credit facility with a third related party, which is interest bearing, unsecured, and is due on call. The Company may draw up to $150,000 on this credit facility with a balance of $136,279 (including capitalised interest) at June 30, 2020 ($155,967 at June 30, 2019). Interest on this facility accrues at a rate equivalent to 12% per annum on the daily loan balance, and is payable in arrears every 3 months.

NOTE 9. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current:		
Credit Facilities	7,832	16,689
Trade payables	1,642	54,591
Accrued Expenses	30,823	78,204
	40,297	149,484

Credit Facility

The Company has authorized credit facilities with Toronto Dominion totalling $30,000. These credit facilities would be interest bearing at 19.99%, have payment terms and are payable on demand. This credit facility is unsecured. The balance outstanding on these credit facilities as of June 30, 2020 was $7,831.90 (June 30, 2019 - $16,689.41).

NOTE 10: FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

Classification of Financial Instruments

Financial Instruments issued at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels –

- <u>Level 1</u>
  Quote prices (unadjusted) in active markets for identical assets or liabilities;

- <u>Level 2</u>
  Inputs other than quoted prices included in 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
  Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 10: FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd.)

The fair value of cash is measured at Level 1 of the fair value hierarchy.

The Company's financial instruments consist mainly of cash, trade and other receivables, accounts payable and accrued liabilities, and due to related party. The carrying values of trade and other receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. Due to related party cannot be estimated with certainty and thus cost is used as an approximation of fair value.

Capital Risk Management

The directors monitor and control financial risk exposures of the Company.

They manage its capital to safeguard the Company's ability to continue as a going concern, to provide adequate returns to shareholders and benefits to other stakeholder, and to have sufficient funds on hand for business opportunities as they arise.

The overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Company considers the items included in shareholder equity as capital. The Company uses the issue of shares, along with assets sales and borrowings, in order to manage the capital structure of the business and make adjustments to it in light of changes in economic and industry conditions.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2020. The Company is not exposed to externally imposed capital requirements.

Special Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and interest rate risk.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through the maintenance of procedures, which include regular monitoring of the financial stability of significant customers and counterparties, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions. All cash is held with large reputable financial institutions and therefore credit risk is considered minimal.

The maximum exposure to credit risk by class or recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. The Company has trade and other receivables made up of multiple customers with the largest representing 28% of the total trade and other receivable balance at June 30, 2020.

NOTE 10: FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd.)

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company has in place planning and budgeting processes to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. The Company's cash is invested in business accounts with a qualified financial institution and which is available on demand for commercialisation programs and strategies.

However, the Company will require significant additional funding in the future to continue its business plan. Accordingly, there is a risk that the Company may not be able to secure adequate funding on the reasonable terms or not at all.

Interest rate risk

Exposure to interest rate risk arises on interest bearing financial assets and financial liabilities recognized at the end of the reporting period whereby a future change in interest rates will affect either

the future cash flows (in the case of variable interest instruments) or the fair value of fixed rate financial instruments.

Interest rate risk is managed using a mix of fixed and floating rate instruments. At June 30, 2020, the Company had an interest-bearing credit card payable and fixed interest loans Due to a Related Party.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within pre-agreed credit terms.

NOTE 11. ISSUED CAPITAL

a) Authorized: An unlimited number of common shares without par value

b) Share issuance: During the period ended June 30, 2020, the Company issued a total of 42,400 common shares – 2,400 shares issued for net cost of $10,207 (comprising cash proceeds of $3,000 less share issuance costs of $13,207) and 40,000 shares for services provided at a fair value of $50,000.

c) Deposits Received: During the period ended June 30, 2020, the Company received a total of 41,694 in deposits, for common shares to be issued after the year ending June 30, 2020.

NOTE 12. SEGMENTED INFORMATION

The Company operates in one business segment in one geographical region, being the manufacture and sale of alcoholic beverages in Canada.

NOTE 13. SUBSEQUENT EVENTS

There were no events to report subsequent to June 30, 2020.