

Overview

BevCanna Enterprises Inc. is an early leader in the emerging cannabis beverages market. Leveraging its unmatched beverage expertise, world-class infrastructure and proven technology, BevCanna develops and launches premium, innovative, cannabinoid-infused beverages that cater to the next generation of cannabis consumer. In addition to producing infused beverages and building brands, BevCanna is also actively exploring brand acquisitions, strategic partnerships and joint venture opportunities.

Company Highlights

- The global cannabis-infused beverage market is expected to grow to US\$4.46 billion by 2025.
- BevCanna builds and acquires compelling infused beverage brands and provides full white-label solutions for B2B clients.
- BevCanna's executive team has unparalleled experience creating, branding, bottling and distributing wellness and recreational beverages that resonate with consumers on a global scale.
- BevCanna retains the rights to a spring water aquifer in the Okanagan Valley, British Columbia; providing a pristine, alkaline base for infused beverages. This provides capacity for 1,165 liters of premium Canadian alkaline spring water per minute.
- BevCanna has an exclusive supply partnership with Nextleaf Solutions for water-soluble cannabinoids in Canada
- BevCanna retains the exclusive rights to infuse Trace Beverages' proprietary plant-based mineral formulation with cannabinoids in Canada and the US.
- BevCanna has developed proprietary technology to create water-soluble cannabinoid powders, which will be commercialized through California's recreational cannabis channels in 2019
- The company has also applied for standard processing, research and outdoor cultivation licenses through Health Canada.

The Market for Infused Beverages

In January of 2019, BevCanna conducted a multi-national study that explored consumer product preferences across 25 different product concepts. The study was conducted across six uniquely positioned territories in California, New York and Canada. Of the 2,000 individuals surveyed, 50 percent reported they had used cannabis within the past year.

Despite less frequent use, CBD-based edibles and beverages were determined to be the most desirable delivery system in all three markets and had the highest purchase interest. CBD-infused non-alcoholic beverages gained more interest than THC-based beverages.

% SAYING DEFINITELY / PROBABLY WOULD PURCHASE (ASSUMING LEGAL)					
Canada		California		New York	
CBD-based non-alcoholic beverage	48	CBD-based non-alcoholic beverage	55	CBD-based non-alcoholic beverage	55
Non-alcoholic beverage (CBD + THC)	41	Non-alcoholic beverage (CBD + THC)	46	THC-based non-alcoholic beverage	52
THC-based non-alcoholic beverage	38	THC-based non-alcoholic beverage	44	Non-alcoholic beverage (CBD + THC)	51

BASE: FULL SAMPLE

BevCanna’s research study indicated a growing interest in cannabis-infused beverages. According to a report by [Zion Market Research](#), the global cannabis beverages market was valued at US\$1.61 billion in 2018 and is expected to reach US\$4.46 billion by 2025. Market expansion is being fueled by the growing demand for wellness products, as more consumers seek healthier alternatives to inhaling cannabis.

Unparalleled Expertise

The BevCanna team has decades of experience creating, branding and distributing wellness and recreational beverages that resonate with consumers on a global scale. They’ve built unmatched expertise in the emerging cannabis beverage space and are leveraging this knowledge to commercialize innovative infused beverage products for in-house brands and white-labeled products in medical, therapeutic and recreational markets across the globe.

As beverage and bottling experts, members of the team have worked with leading brands such as Mike’s Hard Lemonade, Vega and Trace Beverages, the world’s first plant-based functional water beverage with natural product certification through Health Canada.

Board Chair, Marcello Leone: Founder and CEO of Naturo Group Investments, where he oversaw the development of the Trace Beverage brand and Naturo Aqua product lines with over 3,000 Canadian points of distribution, while consolidating and acquiring ownership and expanding a world-class bottling facility in Osoyoos, BC.

CFO and Director, John Campbell (CA/CPA/CFA/MBA) has over 30 years of investment management experience as a securities analyst, investment banker, M&A specialist, and money manager with Camlin Asset Management Ltd., CWC Capital Ltd., Pemberton Securities and The Jim Pattison Group.

Chief Commercialization Officer, Emma Andrews (BA, RHN, NPDP) heads commercialization and go-to-market strategy for BevCanna, including oversight of technology and product development. Emma previously led product innovation, consumer and retail education programs at Vega, the category leader in plant-based nutrition, prior to its acquisition by WhiteWave Foods (NYSE:[WWAV](#)) for \$700 million.

Brand and Innovation Partner, Don Chisholm has over 30 years of experience creating innovative global brands in consumer-packaged goods and alcohol categories. Don’s vision and entrepreneurialism at the helm of his agency, Dossier Creative, has established him as a trusted advisor, with successes including Vega, The Little Potato Company and Mike’s Hard Lemonade.

President, Martino Ciambrelli has 35 years of consumer-packaged goods experience. He has led multiple sales teams in Western Canada for nationally recognized brands, including PepsiCo, Frito-Lay, Lindt of Switzerland, Johnvince Foods and Planters Peanuts Canada.

VP - Corporate Strategy, Connor Cruise is the President of Cruise Capital Ltd, and Vice-President at Intrinsyc Capital Corp, a registered exempt market dealer. Connor played an integral role in the early-stage financings of Aphria Inc., a TSX-listed licensed producer, and National Access Cannabis (TSXV:META).

Director, Phil Fontaine is a special advisor of the Royal Bank of Canada. Phil served as National Chief of the Assembly of First Nations for an unprecedented three terms and is a member of the Order of Manitoba. Phil has also received a National Aboriginal Achievement Award, the Equitas Human Rights Education Award, a Distinguished Leadership Award from the University of Ottawa, the Queen's Diamond Jubilee and most recently was appointed to the Order of Canada.

Director, Matthew Christopherson is President and CEO of Higharchy Cannabis Group, a company focused on cannabis retail experiences. Matthew previously held the role of VP, Business Development for Keirton Inc., a market leading manufacturer of cannabis harvesting machines (the Twisted Trimmer). He also co-founded Peruvian stevia grower, Stevia One, as well as Lift & Co, Canada's leading cannabis media platform.

Business Strategy

BevCanna is focused on remaining capital-light and creating value for its shareholders through innovative brands, product formulations, strategic partnerships and licensing agreements. Through BevCanna's core business of developing and bottling infused beverages for the cannabis market, the company is on course to become a vertically-integrated operation. BevCanna already possesses the expertise and infrastructure required for processing, brand development and bottling. Once the company has received its license for cultivation, BevCanna will fully realize its vision of becoming a vertically-integrated operation.

Core Capabilities



Core Competencies

BevCanna's initial commercialization strategy focuses on penetrating the California cannabis market through regulated retail with recreational cannabis beverage brands. This will include a range of water-soluble powders and drink mixes. California's cannabis market is expected to

reach [\\$50 billion by 2026](#) and is the largest cannabis market in North America, holding over [30 percent](#) of legal cannabis product sales. BevCanna will use its solid foundation within the California market as a springboard for national expansion once cannabis is federally regulated. BevCanna's Canadian strategy focuses on the second wave of cannabis legalization. Health Canada is expected to [release](#) regulations for cannabis-infused products, including edibles and beverages, by October 2019. Until the regulations are finalized, the company will focus on preparation of its 100-acre outdoor cultivation site, and will continue to develop its innovative products and brands in California. After solidifying its foothold in the US and Canadian markets, BevCanna will next set its sights on global expansion.

Proprietary technology and resources

BevCanna's flexible and scalable manufacturing process produces a diverse array of cannabinoid-infused beverages (including CBD and THC) with product capabilities that range from powders and shots to ready-to-drink items. The company's global relationships and vertically-integrated operations in Canada also provide unparalleled access to premium resources:

- In Canada, using their own biomass, sourced from a soon-to-be licensed Okanagan outdoor cultivation site, or a licensed cultivators' own biomass. Cannabinoids are extracted, refined and purified using a patented process through an exclusive processing agreement with Nextleaf Solutions. The cannabinoids are then infused into pristine alkaline British Columbian spring water, sourced from an on-site aquifer. BevCanna will launch their proprietary brands, and those of their white-label partners, in October 2019, when regulations for beverages take effect.
- In the US (California), BevCanna is commercializing a unique, proprietary technology for water-soluble powder through their own consumer brands, with a strategic vision of becoming a white-label supplier to other B2B partners. These proprietary brands will be launched in California through regulated retail channels.

BevCanna's existing infrastructure also offers a competitive advantage. The company's 40,000-square-foot, HACCP-certified and Health Canada approved facility in the Okanagan Valley sits on 315 acres of land with water rights to an aquifer, providing premium alkaline spring water. The water is naturally filtered through strata of sedimentary rock, ensuring its purity. The facility can currently produce 1,165 liters of Canadian premium alkaline spring water per minute through the existing wells on the property.

Products and Brands

BevCanna is targeting the recreational cannabis markets within Canada and the US, with eventual plans to expand globally. The company will offer products for a variety of consumer segments, including value, craft and premium quality cannabis products.



Throughout 2019 and into 2020, BevCanna will release a variety of cannabis-infused beverage products in California including alkaline spring water, carbonated and flavor-infused water. The company also intends to release a range of water-soluble powders.

Partnerships

In Canada, BevCanna has signed an agreement with Nextleaf Solutions (CSE:[OILS](#)), a cannabis processing company with multiple patents for an industrial-scale extraction and distillation process that produces an odorless, tasteless, water-soluble THC and CBD. The strategic partnership includes an exclusive supply agreement that allows BevCanna to utilize Nextleaf's patented extraction and distillation process. The company then infuses the water with flavor, CBD or THC before distributing the finished product through its channels within Canada and the US.

Nextleaf will act as BevCanna's exclusive water-soluble infusion technology partner in Canada. The partnership enables BevCanna to release a tasteless, odorless and homogenous product that is shelf stable with a quick onset time, eliminating the need for excess sugar or flavor-masking.

In the US, BevCanna has entered into an exclusive agreement with a California-based cannabis research and development company to acquire their proprietary technology for water-soluble powders, which they intend to commercialize in late 2019. Formulations using this technology are currently being tested and validated through a research lab in Berkley, California.

Naturo Springs Facility

The Okanagan Valley is known for its fertile soils and optimal growing conditions. The area is home to over 100 wineries and over 2,400 hectares of planted vineyards and orchards.



Naturo Springs

BevCanna holds the rights to a spring water aquifer on-site at its Naturo Springs bottling facility in Bridesville, British Columbia. With all bottling completed on-site, the alkaline spring water moves directly from the well to processing, never having been touched by human hands, ensuring a pristine quality. The facility is currently capable of producing 1,165 liters of Canadian premium alkaline spring water per minute through the existing wells on the property.

As of December 31st, 2017 the Canadian government imposed a moratorium on the granting of new water permits to businesses, thereby creating a significant barrier to entry for cannabis companies seeking entry into the infused beverages space.

BevCanna's bottling operation, spring water aquifer and 100-acre outdoor cultivation site are situated on 315 acres of Agricultural Land Reserve (ALR) in the Okanagan. There is an existing 40,000-square-foot, HACCP-certified facility on the property. The property has been pre-approved by the Agricultural Land Commission for expansion of the facility up to 170,000 square feet as BevCanna grows its business.

In Summary

BevCanna is leveraging its decades of experience in the beverages market to develop and launch innovative cannabinoid-infused beverages. The company is also actively exploring brand acquisitions, strategic partnerships and joint venture opportunities as they work towards becoming a vertically-integrated operator with an international presence.

BevCanna holds the rights to a spring water aquifer and 100-acre outdoor cultivation site in the Okanagan Valley. The 40,000-square-foot, HACCP certified facility already built on-site is capable of producing 1,165 liters of alkaline spring water per minute through the existing wells on the property. BevCanna has been pre-approved by the Agricultural Land Commission for an expansion of the facility up to 170,000 square feet as the company grows.

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