

**FORM 62-103F1**  
**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

**1 Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to the common shares (**Common Shares**) of Diamond Estates Wines & Spirits Inc. (**Diamond Estates**). Diamond Estates' head office is located at:

1067 Niagara Stone Road  
Niagara-on-the-Lake, Ontario  
L0S 1J0

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable.

**2 Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

Lassonde Industries Inc. (**Lassonde**) is a corporation located at the following address:

755, rue Principale  
Rougemont, Québec  
J0L 1M0

Lassonde is a corporation incorporated under the laws of Canada and its principal business is the development, manufacture and sale of ready-to-drink fruit and vegetable juices and drinks.

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On July 29, 2019, Lassonde acquired 36,900,000 Common Shares of Diamond Estates, representing approximately 19.9% of the issued and outstanding Common Shares, by way of a private placement (the **Private Placement**) for aggregate gross proceeds of \$7,011,000 pursuant to the terms of a subscription agreement with Diamond Estates (the **Subscription Agreement**).

In connection with the Private Placement, Lassonde and Diamond Estates entered into an investor rights agreement (the **Investor Rights Agreement**), pursuant to which Lassonde was granted certain nomination, anti-dilution, registration, and governance rights.

Lassonde will have the right to designate two (2) nominees out of a total of seven (7) to the Board so long as the number of Common Shares beneficially owned or controlled by Lassonde represents at least 15% or more of the Common Shares. If at any time Lassonde beneficially owns or controls less than 15% but more than 10% of the Common Shares, Lassonde will have the right to designate one (1) nominee to the Board. The Investor Rights Agreement shall be effective so long as Lassonde holds at least 10% of the issued and outstanding shares of Diamond Estates.

In connection with the Private Placement, Lassonde and Diamond Estates also entered into a broker agreement pursuant to which Diamond Estates agreed to appoint Lassonde as Diamond

Estates' exclusive representative with certain retailers including grocery stores and convenience stores located in Canada.

**2.3 State the names of any joint actors.**

Mr. Pierre-Paul Lassonde, Chairman of the Board of Lassonde.

**3 Interest in Securities of the Reporting Issuer**

**3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.**

Lassonde acquired 36,900,000 Common Shares pursuant to the terms of the Subscription Agreement. Immediately prior to the completion of the Private Placement, Lassonde did not hold any Common Shares. Immediately following the completion of the Private Placement, Lassonde held approximately 19.9% of the issued and outstanding Common Shares as at such time.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

Upon closing of the Private Placement, Lassonde acquired direct ownership of and control over 36,900,000 Common Shares.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

See Item 3.1.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.1 above.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

**(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

**3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect**

of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

- 3.7 **If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement. State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Lassonde will enter into agreements with each of its nominees to the Diamond Estates Board pursuant to which such nominees will agree to remit to Lassonde the proceeds from any sale of securities of Diamond Estates issued to them as compensation for their services as Board members.

#### **4 Consideration Paid**

- 4.1 **State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The 36,900,000 Common Shares were purchased by Lassonde and issued by Diamond Estates at a price of \$0.19 per Common Share for total consideration of \$7,011,000.

- 4.2 **In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 4.1 above.

- 4.3 **If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

#### **5 Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Private Placement was completed for business and investment purposes. Depending on market conditions and other relevant factors, Lassonde may, in the future, increase or decrease its ownership in Diamond Estates, directly or indirectly.

Following the completion of the Private Placement, in connection with the terms of the Investor Rights Agreement the number of directors on the Diamond Estates Board shall be increased from six (6) to seven (7) and one director of Diamond Estates shall resign, which vacancy shall be filled by a Lassonde nominee.

## **6 Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Not applicable.

**7 Change in material fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

**8 Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**9 Certification**

**The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.**

**This report must be signed by each person on whose behalf the report is filed or his authorized representative.**

**It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.**

**Certificate**

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: July 29, 2019

**LASSONDE INDUSTRIES INC.**

Per: (signed) Guy Blanchette

Name: Guy Blanchette

Title: Executive Vice-President and Chief  
Financial Officer

**SCHEDULE A**  
**Press Release**

See attached.



## Press Release

For Immediate Release

### LASSONDE INDUSTRIES INC. ACQUIRES COMMON SHARES IN DIAMOND ESTATES WINES & SPIRITS INC.

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**Rougemont, Quebec, July 29, 2019** – Lassonde Industries Inc. (TSX: LAS.A) (**Lassonde** or the **Company**) reports that it has acquired 36,900,000 common shares (**Common Shares**) in the capital of Diamond Estates Wines & Spirits Inc. (**Diamond Estates**) by way of a private placement (the **Private Placement**) at a price of \$0.19 per Common Share for aggregate proceeds of approximately \$7,011,000 pursuant to the terms of a subscription agreement (**Subscription Agreement**) entered into with Diamond Estates on the date hereof. The head office of Diamond Estates is located at 1067 Niagara Stone Road. Niagara-on-the-Lake, Ontario, L0S 1J0.

Immediately prior to the completion of the Private Placement, Lassonde did not hold any Common Shares. Immediately following the completion of the Private Placement, Lassonde held approximately 19.9% of the issued and outstanding Common Shares as at such time.

The Private Placement was completed for business and investment purposes. Depending on market conditions and other relevant factors, Lassonde may, in the future, increase or decrease its ownership in Diamond Estates, directly or indirectly.

In connection with the Private Placement, Lassonde and Diamond Estates entered into an investor rights agreement (the **Investor Rights Agreement**), pursuant to which Lassonde was granted certain nomination, anti-dilution, registration, and governance rights.

Lassonde will have the right to designate two (2) nominees out of a total of seven (7) to the Diamond Estates board so long as the number of Common Shares beneficially owned or controlled by Lassonde represents at least 15% or more of the Common Shares. If at any time Lassonde beneficially owns or controls less than 15% but more than 10% of the Common Shares, Lassonde will have the right to designate one (1) nominee to the Diamond Estates board. In connection with the Private Placement, Lassonde and Diamond Estates entered into the Investor Rights Agreement. In connection with the Investor Rights Agreement, the number of directors on the Diamond Estates Board shall be increased from six (6) to seven (7) and one director of Diamond Estates shall resign, which vacancy shall be filled by a Lassonde nominee.

The Investor Rights Agreement shall be effective so long as Lassonde holds at least 10% of the issued and outstanding shares of Diamond Estates.

In connection with the Private Placement, Lassonde and Diamond Estates also entered into a broker agreement pursuant to which Diamond Estates agreed to appoint Lassonde as Diamond Estates'

exclusive representative with certain retailers, including grocery stores and convenience stores located in Canada.

A copy of Lassonde's early warning report will be filed with applicable securities commissions and will be made available on SEDAR at [www.sedar.com](http://www.sedar.com), a copy of which may be obtained by contacting Sylvain Morissette, Vice President Communications at (450) 469-0856 extension 10265.

## **About Lassonde**

Lassonde Industries Inc. is a North American leader in the development, manufacture and sale of a wide range of ready-to-drink fruit and vegetable juices and drinks marketed under brands such as Apple & Eve, Everfresh, Fairlee, Fruité, Graves, Old Orchard Brands, Oasis and Rougemont. Lassonde is also one of the two largest producers of store brand shelf-stable fruit juices and drinks in the United States and a major producer of cranberry sauces.

Lassonde also develops, manufactures and markets specialty food products under brands such as Antico and Canton. Lassonde imports and markets selected wines from various countries and manufactures apple ciders and cider-based beverages.

Lassonde produces superior quality products through the expertise of approximately 2,200 people working in 15 plants across Canada and the United States. To learn more, visit [www.lassonde.com](http://www.lassonde.com).

### ***Caution Concerning Forward-Looking Statements***

In this document and in other documents filed with Canadian regulatory authorities or in other communications, the Company may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements notably include estimates, expectations, forecasts, and projections of future investment spending, revenues, expenses, earnings, profit, indebtedness, financial position, losses, upcoming projects, business and management strategies, and business growth and expansion. In the context of this document, forward-looking statements are particularly used to discuss preliminary results, the rate of sales growth, and profit attributable to shareholders. The forward-looking statements contained herein are used to help readers better understand Lassonde's financial position and the results of its operations as at the dates presented and may not be appropriate for other purposes. Forward-looking statements can be recognized by such words as "may," "should," "believes," "predicts," "plans," "expects," "intends," "anticipates," "estimates," "projects," "objective," "continues," "proposes," "targets," or "aims" as well as words and expressions of a similar nature and whether they are used in the affirmative or negative or used in the conditional or future tense. Forward-looking statements also include any statements that do not refer to historical facts.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other statements will not be achieved or will differ significantly from those expressed or implied in such forward-looking statements or could affect the extent to which a particular forecast, projection or other statement materializes. Although Lassonde believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that these expectations will prove to be correct.

Readers are cautioned against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various significant factors. Such factors include, among others, the economic, industrial, competitive and regulatory environment in which Lassonde operates or factors that are likely to have an impact on its operations, its ability to attract and retain customers, consumers, and qualified staff, the availability and cost of raw materials and transportation, its operating costs, and the price of its finished products in the various markets where it operates.

The Company cautions that the foregoing list of factors is not exhaustive. For additional information about the risks, uncertainties, and assumptions that could cause Lassonde's actual results to differ from its stated expectations, readers may also consult the "Uncertainties and Principal Risk Factors" section of the Company's most recent annual MD&A and the other documents it files from time to time with securities regulators in Canada and available on [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this press release reflect the Company's expectations on this date and are subject to change after this date. Lassonde does not undertake to update publicly or to revise these forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation.

Information:

**Investor contact**

Guy Blanchette, FCPA, FCA

Executive Vice President and Chief Financial Officer

Lassonde Industries Inc.

450-469-4926, extension 10782

**Media contact**

Sylvain Morissette

Vice President Communications

Lassonde Industries Inc.

450-469-0856, extension 10265