

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

This report is filed to amend information disclosed in a previous Early Warning Report dated June 11, 2020

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 (the **Common Shares**) and warrants 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 October 6 2021, Lassonde purchased and was issued 8,333,333 units of Diamond Estates (each a **Unit**) at a subscription price of \$0.18 per Unit, representing an aggregate subscription price of \$1,499,999.94 (the **Offering**). Each Unit is comprised of one (1) common share in the capital of Diamond Estates (an **Offered Share**) and three quarters of one (3/4) common share purchase warrant (each whole warrant, a **Warrant**). Each Warrant entitles the holder thereof to purchase one (1) Common Share (a **Warrant Share**) at a price of \$0.22 per Warrant Share at any time up to 36 months from October 6, 2021 (the **Warrant Expiry Date**).

In addition to the Offering, Lassonde acquired on the same date 6,652,785 Units following the conversion into Units (the **Conversion**) of its \$1,160,000 aggregate principal amount of 10.0 % unsecured convertible debenture of Diamond Estates issued on June 10, 2021 (the **Debenture**) plus accrued interest thereon.

Prior to the Offering and the Conversion, Lassonde owned 38,478,947 Common Shares, representing approximately 19.239% of the issued and outstanding Common Shares.

Following the Offering and the Conversion, Lassonde now holds 53,465,065 Common Shares, representing approximately 19.18% of the issued and outstanding Common Shares, and 11,239,589 Warrants.

If Lassonde was to exercise all of the Warrants it holds, it would own 64,704,654 Common

Shares, representing approximately 22.31% of the issued and outstanding Common Shares (based on Diamond Estates' then current number of issued and outstanding Common Shares, assuming that no other outstanding convertible securities convert).

Immediately following the Conversion, Lassonde became a Control Person of Diamond Estates, as such term is defined in *Policy 1.1 – Interpretation* of the TSX Venture Exchange.

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.

In connection with the Offering and the Conversion, Lassonde was issued an aggregate of 14,986,118 Units.

Prior to the Offering and the Conversion, Lassonde owned 38,478,947 Common Shares, representing approximately 19.239% of the Common Shares.

Following the Offering and the Conversion, Lassonde now holds 53,465,065 Common Shares, representing approximately 19.18% of the issued and outstanding Common Shares, and 11,239,589 Warrants.

If Lassonde was to exercise all of the Warrants it holds, it would own 64,704,654 Common Shares, representing approximately 22.31% of the issued and outstanding Common Shares (based on Diamond Estates' then current number of issued and outstanding Common Shares, assuming that no other outstanding convertible securities convert).

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.

See Item 3.1.

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 is a party to agreements with each of its nominees to the Diamond Estates Board pursuant to which such nominees agreed 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.**

In connection with the Offering, Lassonde purchased and was issued 8,333,333 Units for a total consideration of \$1,499,999.94.

In connection with the Conversion, Lassonde was also issued 6,652,785 Units, having an aggregate value of \$1,197,501.

- 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 subscription of Lassonde is being undertaken for investment purposes and it may, from time to time, increase or decrease its beneficial ownership or control depending on market or other conditions.

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.

Immediately following the Conversion, Lassonde became a Control Person of Diamond, as such term is defined in *Policy 1.1 – Interpretation* of the TSX Venture Exchange. On September 28, 2021, in accordance with the policies of the TSX Venture Exchange, the disinterested shareholders of Diamond have approved by ordinary resolution that Lassonde becomes a Control Person.

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.

[Signature on the following page]

Certificate

I, as the acquiror, certify, or I, as the agent filing this report of 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: October 7, 2021

LASSONDE INDUSTRIES INC.

Per: (signed) *Éric Gemme*

Name: *Éric Gemme*

Title: Chief Financial Officer

SCHEDULE A
Press Release

See attached.

Not for dissemination in the United States or for distribution to U.S. newswire services.

Diamond Estates Wines & Spirits Announces the Closing of the Equity Wine Group and the Shiny Apple Cider Brand Acquisitions, and Private Placement

Niagara-on-the-Lake, Ontario--(Newsfile Corp. – October 6, 2021) - Diamond Estates Wines & Spirits Inc. (TSXV: DWS) (“**Diamond**” or the “**Company**”), further to its press releases of August 5, 2021 and September 24, 2021, is pleased to announce the closing of (i) its acquisition of all of the issued and outstanding securities of Equity Wine Group Inc. (“**Equity Wine**”, and such acquisition, the “**Equity Wine Acquisition**”), (ii) its acquisition of the Shiny Apple craft cider brand (the “**Shiny Apple Brand**”) from Stonechurch Vineyard and Winery Holdings Inc. (“**Stonechurch**”, such acquisition being the “**Stonechurch Acquisition**”, and together with the Equity Wine Acquisition, the “**Acquisitions**”), (iii) the issuance of \$1,889,162 in equity upon the conversion of currently outstanding convertible debentures and accrued interest, and (iv) the issuance of \$6,786,715 in equity through its previously announced private placement (the “**Financing**”).

In connection with closing the Equity Wine Acquisition, the Company paid and issued to the shareholders of Equity Wine: (i) \$1.5 million in cash (the “**Equity Cash Payment**”); (ii) \$5.5 million in common shares of Diamond (“**Common Shares**”), being 30,555,557 Common Shares at a deemed issuance price of \$0.18 per share (the “**Equity Consideration Shares**”); (iii) 22,916,670 common share purchase warrants (the “**Equity Consideration Warrants**”) each entitling the holder to acquire one Common Share at an exercise price of \$0.22 for a period of 36 months, and (iv) the assumption of the Equity Wine’s term and operating debt of approximately \$4.1 million with the Bank of Montreal. The Equity Consideration Shares and Equity Consideration Warrants will be subject to certain contractual restrictions on trading for a period of 12 months from the date of issuance with equal portions being released from escrow every quarter.

In connection with the closing the Stonechurch Acquisition, the Company acquired all of the rights and title to the Shiny Apple Brand from Stonechurch for aggregate consideration of \$2.5 million, which was satisfied by a (i) closing cash payment of \$1.1 million; (ii) \$1.1 million earn-out payment (deposited into escrow by the Company on closing) payable quarterly over the course of 12 months following closing depending on sales targets being met, and (iii) \$300,000 inventory holdback. Diamond and Stonechurch also entered into a production and co-packing agreement whereby Stonechurch will continue to produce the Shiny Apple Brand under Diamond's monitoring and oversight for a minimum period of 24 months.

The Financing

The Company closed its previously announced brokered private placement, conducted by Paradigm Capital Inc. (the "**Agent**"). The Financing consisted of the issuance of 37,703,975 units (the "**Units**") at a price of \$0.18 per Unit for gross proceeds of \$6,786,715 with each Unit consisting of one Common Share and three-quarters ($\frac{3}{4}$) of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable to acquire one Common Share at an exercise price of \$0.22 per Common Share for 36 months. The Units were sold to accredited investors in Canada in compliance with applicable securities laws. Pursuant to the terms of an agency agreement entered into between the Agent and the Company, the Agent received a cash fee equal to 6.0% of the aggregate gross proceeds of the Financing (the "**Cash Commission**"), subject to a reduced fee of 3.0% for Units sold to certain purchasers designated by the Company on a president's list (the "**President's List**"), and issued to the Agent broker warrants equal to 6.0% of the number of Units issued pursuant to the Financing (the "**Broker Warrants**"), subject to a reduced number of Broker Warrants equal to 3.0% of the aggregate number of Units sold to purchasers on the President's List. Each Broker Warrant entitles the holder to acquire one Unit (each, a "**Broker Unit**") at \$0.18 per Broker Unit for a period for 24 months. Each Broker Unit consists of one Common Share and three-quarters ($\frac{3}{4}$) of one common share purchase warrant (each whole warrant, a "**Broker Unit Warrant**"). Each Broker Unit Warrant is exercisable to acquire one Common Share at an exercise price of \$0.22 per

Common Share for 36 months. The Company paid an aggregate of \$294,805 in Cash Commission and issued 1,636,807 Broker Units to the Agent.

Holders of the Company's 10% unsecured convertible debentures issued on June 10, 2021 in the aggregate principal amount of \$1.83 million (the "**Debentures**") have each elected to have the Financing constitute an early maturity date pursuant to the terms of the Debentures, which Diamond has elected to satisfy pursuant to a shares for debt transaction. Therefore, the obligations of the Debentures will be extinguished, and Diamond has issued today, in satisfaction of \$1,889,162 representing the principal and interest owing under the Debentures, 10,495,342 Units at a price of \$0.18 per Unit to the debentureholder (the "**Debt Conversion**", and together with the Acquisitions and the Financing, the "**Transactions**".)

Certain directors and other insiders subscribed for a total of 10,953,433 Units for total gross proceeds of \$1,971,617.94 under the Financing. Insiders also held all of the debentures which are the subject of the Debt Conversion. Participation by insiders is considered to be a "related party transaction" as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Financing and the Debt Conversion are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of the securities being issued to insiders, nor the consideration being paid by such insiders, exceeds 25% of the Company's market capitalization. The Company did not file a material change report 21 days prior to the closing as the details of the participation of insiders of the Company had not been confirmed at that time.

None of the Units, Common Shares or warrants have been, nor will be, registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or any U.S. state security laws, and may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with requirements of an applicable exemption therefrom. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

All securities issued in connection with the Financing, the Equity Wine Acquisition, and the Debt Conversion are subject to a four-month hold period from the closing of the Transactions. The Company has used proceeds from the Financing to pay for the Acquisitions, and intends to use the balance of the net proceeds for general working capital purposes.

About Diamond Estates Wines and Spirits Inc.

Diamond Estates Wines and Spirits Inc. is a producer of high-quality wines and a sales agent for over 120 beverage alcohol brands across Canada. The Company operates two wineries, one in Ontario and one in British Columbia, that produce predominantly VQA wines under such well-known brand names as 20 Bees, EastDell, Lakeview Cellars, Dan Aykroyd, Fresh, McMichael Collection, Seasons, Serenity, and Backyard Vineyards. Through its wholly owned subsidiary, Trajectory Beverage Partners, the Company is the sales agent for many leading international brands in all regions of the country as well as being a distributor in the western provinces. These recognizable brands include Josh wines from California, Fat Bastard and Andre Lurton wines from France, Kaiken wines from Argentina, Blue Nun wines from Germany, Francois Lurton wines from France and Argentina, Felix Solis wines from Spain, Waterloo Brewing from Ontario, Landshark Lager from the USA, Marston's beers from England, Edinburgh Gin, Tamdhu, Glengoyne and Smokehead single-malt Scotch whiskies from Scotland, Barcelo Rum from the Dominican Republic, Becherovka Liqueur from the Czech Republic, C.K. Mondavi & Family wines (including Charles Krug) from Napa, Bols Vodka from Amsterdam, Koyle Family Wines from Chile, Pearse Lyons whiskies and gins from Ireland, Niagara Craft Distillers' beverages from Ontario, Fontana di Papa wines and Cielo e Terra wines from Italy.

For more information, please contact:

J. Murray Souter, President & CEO
jmurrysouter@diamondwines.com
905.641.1042 Ext 234

Ryan Conte, Chief Financial Officer
rconte@diamondwines.com

Phone: (905) 933-8244

Diamond Estates Wines & Spirits Inc.
1067 Niagara Stone Rd., Niagara-on-the-Lake, Ontario, L0S 1J0

Early Warning Disclosure

Lassonde Industries Inc. (“**Lassonde**”) was issued today an aggregate of 14,986,118 Units, having an aggregate value of \$2,697,500.94. Of these 14,986,118 Units, 8,333,333 Units were acquired pursuant to the Financing, and 6,652,785 Units were acquired pursuant to the Debt Conversion.

Prior to the Transactions, Lassonde owned 38,478,947 common shares, representing approximately 19.239% of the common shares. Following the Transactions, Lassonde now holds 53,465,065 common shares, representing approximately 19.18% of the issued and outstanding common shares, and 11,239,589 Warrants. If Lassonde was to exercise all of the Warrants it holds, it would own 64,704,654 common shares, representing approximately 22.31% of the issued and outstanding common shares (based on Diamond’s then current number of issued and outstanding common shares and assuming that no other outstanding convertible securities convert).

Immediately following the Debt Conversion, Lassonde became a Control Person of Diamond, as such term is defined in *Policy 1.1 – Interpretation* of the TSX Venture Exchange. On September 28, 2021, in accordance with the policies of the TSX Venture Exchange, the disinterested shareholders of Diamond have approved by ordinary resolution that Lassonde becomes a Control Person.

The subscription of Lassonde is being undertaken for investment purposes and it may, from time to time, increase or decrease its beneficial ownership or control depending on market or other conditions. A copy of the Early Warning Report with additional information in respect of the foregoing matters may be found on www.SEDAR.com.

For further information on Lassonde and to obtain a copy of the Early Warning Report, please contact:

Investor contact:

Éric Gemme, Chief Financial Officer
Lassonde Industries Inc.
755 rue Principale, Rougemont, Québec, J0L 1M0
450-469-4926, ext 10456

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

This press release contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Diamond Estates Wines and Spirits Inc. to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this press release. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the economy generally; consumer interest in the services and products of the Company; financing; competition; and anticipated and unanticipated costs. While the Company acknowledges that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the views of the Company as of any date subsequent to the date of this press release. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ

materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Not for dissemination in the United States

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