SPOT COFFEE (CANADA) LTD.

June 12, 2020

DEFAULT ANNOUNCEMENT

Spot Coffee (Canada) Ltd. (the "**Corporation**") provides this default announcement indicating the Corporation's anticipated failure to file its annual financial statements for the year ended December 31, 2019 and related management discussion and analysis and certifications (collectively, the "**Financial Statements**") before the prescribed filing deadlines.

The Corporation's failure to file its Financial Statements on time is due to the following circumstances:

- Recent change of the Corporation's auditors.
- The Corporation's operations are predominantly located in the State of New York and the State of Connecticut, USA.
- Due to COVID-19, the Canada-US border has been closed. This did not allow access to either the management of the Corporation in Toronto nor its new auditors, Richter, LLP, to travel to the Corporation's head office in Buffalo to finalize the audit. Also, not only were all the Corporation's cafes closed, but staff at the Buffalo head office were sent home due to the spread of the virus. At that time, New York State was the epi-center of the coronavirus outbreak which inevitably compounded the problem.
- The Corporation's former CFO took a leave of absence in late March 2020 due to personal health reasons and the Corporation had to resort to finding a suitable and qualified replacement. This presented a significant transfer of information challenge to the Corporation's new CFO.

Considering the foregoing factors, it is the Corporation's submission that the present circumstances warrant the imposition of a management cease trade order ("**Management CTO**"), rather than a cease trade order ("**CTO**"), as contemplated under National Policy 12-203 – *Cease Trade Order Orders for Continuous Disclosure Defaults* ("**NP 12-203**"). The Corporation has applied for a Management CTO, however there is no assurance that it will be granted.

The Corporation's Financial Statements are required to be filed within one month of the prescribed filing deadline of June 15, 2020. The Corporation's failure to file such within this one month period may result in the securities commissions or regulators imposing an Issuer Cease Trade Order.

The Corporation has confirmed that it intends to satisfy the provisions of the alternative information guidelines described in sections 9 and 10 of NP 12-203 for so long as it remains in default for failure to file the Financial Statements.

The Corporation proposes to remedy the default by diligently working with its auditor to ensure the filing of its Financial Statements and MD&A by the prescribed timeline herein. The timeframe is ultimately dependent upon the Auditor's response and delivery, which the Corporation was expecting to be completed by June 15, 2020 but is now expecting within one month of the aforementioned filing deadline.

The Corporation fully expects to file its Financial Statements prior to the end of the additional one month period as prescribed by NP 12-203. Further, the Corporation confirms that it intends to satisfy the requirements to provide Default Status Reports as prescribed by NP 12-203 so long as it remains in default of its requirements to file its Financial Statements within the prescribed period of time. Should the Corporation fail to file the appropriate Default Status Reports as prescribed by NP 12-203, the securities commissions or regulators may, as a result of such failure, impose an Issuer Cease Trade Order.

The Corporation confirms that it is not subject to any insolvency proceeding as of the date hereof. The Corporation also confirms that there is no other material information concerning the affairs of the Corporation that have not been generally disclosed as of the date herein.