Exhibit C to Subscription Agreement

RISK AND OTHER IMPORTANT FACTORS

Forward-looking Statement Information

Certain matters discussed in this Exhibit C, as well as in other disclosures from the Company which the Subscriber may be relying upon, contain statements and projections that are “forward-looking statements” as defined under U.S. federal securities laws. Words such as “believe,” “can,” “continue,” “expect,” “expectation,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will,” “would,” and similar words indicate forward-looking statements, which speak only as of the date we make them. Except as required by law, we do not intend to update or review any forward-looking statements, whether as a result of new information, future events, or otherwise. By their nature, forward-looking statements involve risks, uncertainties, and other factors (many beyond our control) that could cause our actual results to differ materially from our historical experience or from our current expectations or projections. These risks and uncertainties include, but are not limited to, those described under the title “Risk Factors”, below, and those described from time to time in our reports and discussions with investors.

CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED HEREIN ARE USED AS DEFINED IN (A) THE SUBSCRIPTION AGREEMENT FOR THE PURCHASE OF SECURITIES OF BROKEN SHED DISTILLERIES, INC. TO WHICH THIS DOCUMENT IS ATTACHED AND MADE A PART HEREOF OR (B) THE CERTIFICATE OF INCORPORATION OF BROKEN SHED DISTILLERIES, INC. WHICH IS ATTACHED TO THE SUBSCRIPTION AGREEMENT.

THE SECURITIES OFFERED HEREBY ARE HIGHLY SPECIULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THE SECURITIES ARE SUITABLE FOR INVESTMENT ONLY BY A PERSON WHO CAN AFFORD TO LOSE HIS ENTIRE INVESTMENT. Prospective investors in the Company should carefully consider the following risk factors inherent in and affecting the business of the Company and the Purchased Securities before making an investment decision. The extent to which the Company can achieve its business objectives could be affected by a number of risks and uncertainties, including, but not limited to, those described below.

Risk Factors

The following discussion identifies certain significant and prevalent risks and uncertainties that could adversely affect our business and an investment in the Purchased Securities.

1. ***The Company is an early stage entity with limited operating history.***

The Company is an early stage entity that has limited operating history. There is limited performance history of the Company for prospective investors in the Company to evaluate prior to making an investment in the Company.

An investment in the Company requires a long-term commitment, with no certainty of return. The Company is subject to business risks that are typical of start-up companies. Until the Company generates significant revenues, it will continue to experience negative cash flows and financial losses. No assurance can be given about the success of the Company's projected growth.

2. ***The Company's future growth and profitability will depend in large part upon the effectiveness and efficiency of the Company's marketing expenditures and the Company's ability to expand into additional geographic markets.***

The Company's future growth and profitability will depend in large part upon the effectiveness and efficiency of the Company's marketing expenditures, including without limitation the Company's ability to:

- create awareness of the Company's brand;
- identify the most effective and efficient levels of spending in each market and in various media;
- determine the appropriate creative messages and media mix for advertising, marketing and promotional expenditures; and
- effectively manage marketing costs including salaries and compensation to employees, the majority of whom are involved in the marketing of the brand.

The Company's marketing expenditures may not result in increased revenue or generate sufficient levels of brand name awareness to profitably acquire interest in its brand. The Company may not be able to manage the Company's marketing expenditures on a cost-effective basis whereby the Company's marketing costs may exceed the contribution profit generated in each market.

3. ***The Company's sales may be adversely impacted by the health and stability of the general economy.***

Unfavorable changes in general economic conditions, such as a recession or prolonged economic slowdown, may negatively impact the demand for the Company's products and services, which would adversely affect the Company's sales. For example, economic forces, including general economic conditions, demographic trends, consumer confidence in the economy, changes in disposable consumer income and/or reductions in discretionary spending, may cause consumers to purchase fewer products which could adversely affect the Company's revenue, gross margins, and/or the Company's overall financial condition and operating results.

4. ***The Company relies on third parties to provide manufacturing, bottling, importation, storage, transportation and distribution of our products, the loss of any of which could cause the Company's revenue, earnings or reputation to suffer.***

Manufacturer and Bottler. The Company currently relies solely on third party manufacturers and bottlers to manufacture the vodka and bottle it for distribution. If the Company is unable to obtain sufficient quantity and quality of product in a timely and cost-effective manner from the Company's manufacturers, the Company will be unable to fulfill the distributors' orders in a timely manner, which may cause the Company to lose revenue, incur higher costs, keep the Company from gaining market share and/or damage the value of the Company's brand.

Importation, Freight and Fulfillment. The Company relies on third parties to import, ship, store and distribute the product in accordance with orders placed by third party distributors. The Company itself never takes title to the product in the process of completing the sales process. Should the Company's third party providers be unable to service the Company's needs for even a short duration, the Company's revenue and business could be harmed. Additionally, the cost and time associated with replacing these third party providers on short notice would add to the Company's costs. Any replacement fulfillment third party provider would also require start-up time, which could cause the Company to lose sales and keep the Company from gaining market share.

Distributors. The Company relies on distributors in the states where it is currently selling product and intends to expand its distribution network, thereby relying more heavily on distributors throughout the U.S. Relationships with such distributors are material to the success of the Company within the U.S. In the alcoholic beverage industry there is substantial regulation which imposes restrictions on the Company's ability to change distributors when such relationships are not fruitful to the Company. Such restrictions may impede progress toward meeting the projected revenue goals of the Company. Labor and employment issues at such distributors may also have an impact on product distribution and therefore revenue.

Water resources. Broken Shed's recipe includes the use of mineral water sourced from private land in New Zealand. An important ingredient to the recipe for Broken Shed Vodka includes a natural mineral water obtained through a bore hole in New Zealand. The Company believes that this water is responsible for the taste which has contributed to the acclaim received by the Company. The Company has a contract with the party who own the land where the bore hole and pipeline are situated as well as with the party who owns and operates the pump and associated infrastructure that enables such party to take, store and convey water from the bore hole. As with all natural resources, there are risks associated with the availability of such resource being limited through regulations or legislation. Additionally, there are risks of increased tariffs and other costs as the quantity of mineral water used by the Company increases. Risks also arise from the possibility of the landowner selling the land and the subsequent owner refusing to allow access to the bore hole.

Unfavorable economic conditions could adversely affect all of the above suppliers, distributors, as well as retailers and all other third parties relied upon by the Company. These third parties in turn could experience cash flow problems, more costly or unavailable financing, credit defaults, and other financial hardships.

5. *Pending or threatened litigation*

The Company may be subject to claims from time to time arising out of many different fact patterns, including but not limited to terms and conditions of investor relationships with the Company, product liability, employee-related issues, contractual relationships with distributors, vendors, suppliers or manufacturers, claims from competitors, intellectual property claims, or non-compliance with regulatory requirements. Such claims could result in lawsuits, damage to the Company's reputation and would divert management's attention from the Company's business. The result may be an adverse effect on the Company's revenue goals, reputation and overall financial condition.

6. ***Our business performance is substantially dependent upon the continued growth of the Broken Shed brand as a valued and competing brand of vodka.***

While the Broken Shed brand has received significant recognition as a result of the awards it has received at various spirits tastings, brand reputation can change at any time. With a single negative incident, public perceptions and consumer trust can fade. Additionally, if we are unsuccessful with growing the brand recognition and acceptance as a viable competitor in the spirits industry, our business and operating results will suffer.

7. ***The domestic and international growth of our business is subject to commercial, political and financial risks.***

Although the majority of our vodka product is currently sold in the United States, a modest number of cases are sold in New Zealand. We are establishing relationships with agents in the United Kingdom and taking steps to plan our launch there later this year. Launching and expanding into international markets, in general, is subject to the challenges and risks associated with the specific situations in individual countries and regions. For instance, until the United Kingdom's exit from the European Union is finalized, there may be a period of economic and political uncertainty as well as volatility in exchange rates, risk to supply chains, and tariffs which could materially adversely affect our profitability. A timely and successful launch depends in part on our ability to overcome the challenges we encounter with respect to these risks and other factors affecting U.S. companies with global operations.

Within the United States, we continue to explore relationships with distributors in states where our product is not yet sold. We are focusing on establishing our brand in high influence states on the East and West coasts as well as in Kentucky and Michigan. Additionally, we are strengthening our position in states where we have an existing foothold through exploring more advantageous representation by existing and new distributors.

While ongoing discussions with distributors in large influential states such as California New York and Michigan lead us to reasonably believe that we will soon gain access to populous areas in which to sell our product, agreements with these distributors are not yet in place.

8. ***The Purchased Securities will have an arbitrary valuation.***

The value of the Purchased Securities has been determined arbitrarily by the Company, and bears no relationship to the Company's assets, book value, potential earnings or any other recognized criteria of value.

9. ***There will be limited transferability of the Purchased Securities and lack of a trading market.***

Prospective investors in the Company must be aware of the potential long-term nature of their investment and be able to bear the economic risks of their investment for an indefinite period of time. No trading market currently exists for any securities of the Company, including the Purchased Securities. The Purchased Securities have not been registered under the Purchased Securities Act of 1933, as amended, or the securities laws of any state. The right of any prospective investor in the Company to sell or otherwise dispose of any of such securities is restricted by the terms of the Stockholder Documents, copies of which are attached to the Subscription Agreement. Any transfers are also subject to compliance with the Securities Act of 1933, as amended, and state securities laws and the regulations promulgated pursuant thereto. Even if the Company attempts to register the Purchased Securities, there can be no assurance that any registration statement relating to such securities will become effective.

10. The Purchased Securities are subject to dilution.

The issuance of securities in the Company to other prospective investors and other persons subsequent to the sale and purchase of the Purchased Securities will have the effect of diluting the ownership interest of all prospective investors in the Company who purchase Purchased Securities.

The Company has received debt financing from various investors. Some of those investors hold convertible notes, some of which may be converted into shares of the Company's Common Stock, others of which may be converted in shares of the Company's Preferred Stock and others of which may be converted into shares of the highest ranked equity securities of the Company available at the time of conversion. The issuance of such equity securities in the Company in connection with such conversions subsequent to the sale and purchase of the Purchased Securities will have the effect of diluting the ownership interest of all prospective investors in the Company who purchase Purchased Securities. The terms of the Preferred Stock provide: a) that upon a liquidation event for the Company, the Preferred Stock shall have preference over the Common Stock of the Company; b) that the Preferred Stock shall participate with the Common Stock on all dividends or other distributions made on account of the Common Stock on an as converted basis; c) that the Preferred Stockholders shall enjoy anti-dilution protection until converted to Common Stock; d) that the holders of the Preferred Stock shall have a put option on the 5th anniversary of the conversion of their notes; and e) that the Preferred Stockholders shall have a representative director on the board of the Company.

The Company's Board of Directors has the right to cause the Company to create and/or issue securities or other equity interests in the Company, including other classes, groups or series thereof having such relative rights, powers, and/or obligations as they may establish from time-to-time, including rights, powers, and/or obligations different from, senior to or more favorable than the Purchased Securities. In addition, subject to certain rights of the Series A Preferred Stockholders, the Company may make issuances of equity or equity-like interests to officers, consultants, advisors and other persons pursuant to the Company's equity incentive programs. Such additional issuances would effectively reduce the percentage ownership interests of the purchasers of the Purchased Securities.

In addition, to the extent that additional equity interests are issued upon terms which are senior to or more favorable than the terms of the Purchased Securities, it could materially impair the ability of the holders of the Purchased Securities to achieve a return on or return of invested dollars.

Another factor that will increase the likelihood of dilution of an equity interest in the Company is that certain shareholders, i.e., the three original founders of Broken Shed Limited (the "Founders"), a New Zealand Entity and the manufacturer of Broken Shed Vodka, hold, collectively, 10% of the Company with the benefit of anti-dilution protection. The anti-dilution provision they enjoy protects their equity interests from being diluted below 10% of the Company under almost any circumstances. As a result, all other shareholders will necessarily be diluted, whenever additional shares are issued, to a greater extent than they would otherwise suffer if no shareholders enjoyed anti-dilution protection. More specifically, any time the Company issues new shares to any shareholder (other than the Founders), the Company is required, pursuant to the Founders' anti-dilution protection, to promptly issue and sell, for no additional consideration, an amount of shares of common stock of the Company such that the Founders will continue to own 10% of the equity interests of the Company. Therefore, all shareholders other than the Founders will be diluted with each new share issuance to the extent of the additional shares being issued to the Founders.

11. Dividends and distributions are uncertain.

The timing or amount of cash or other dividends or distributions, if any, by the Company to prospective investors in the Company cannot be assured. The Company does not anticipate making any dividends or other distributions on its equity securities in the foreseeable future. As the Company intends to remain in a growth mode, it intends to reinvest any profits to grow the Company's business. The Company's dividend policy is subject to the discretion of the Company's Board of Directors. Accordingly, a prospective investor in the Company cannot expect to receive a return of any of its investment until the Company is sold.

12. National and local governments may adopt regulations or undertake investigations that could limit our business activities or increase our costs.

The alcoholic beverage industry, and therefore our business, is subject to extensive regulatory requirements regarding production, exportation, importation, marketing and promotion, labeling, distribution, pricing, and trade practices, among others. Changes in laws, regulatory measures, or governmental policies, or the manner in which current ones are interpreted, could cause us to incur material additional costs or liabilities, and jeopardize the growth of our business in the affected market. Specifically, local and national governments may prohibit, impose, or increase limitations on advertising and promotional activities, or times or locations where alcoholic beverages may be sold or consumed, or adopt other measures that could limit our opportunities to reach consumers or sell our products. Certain countries historically have banned all television, newspaper, magazine, and internet advertising for alcoholic beverage products. Increases in regulation of this nature could substantially reduce consumer awareness of our products in the affected markets and make the introduction of new products more challenging.

Additional regulation in the United States and other countries addressing climate change, use of water, and other environmental issues could increase our operating costs. Increasing regulation of fuel emissions could increase the cost of energy, including fuel, required to operate the facilities we use to manufacture, bottle, transport and distribute our products, thereby substantially increasing the production, distribution, and supply chain costs associated with our products.

13. Rights are subject to change.

The rights, preferences and restrictions of prospective investors who are purchasing the Purchased Securities are determined by the Charter and the Stockholders Agreement, each of which may be amended without unanimous consent of the stockholders of the Company.

14. Parties seeking to have any liability of the Company satisfied may have recourse to the Company's assets.

The Company's assets, including any investments made by the Company and any capital held by the Company, are available to satisfy all liabilities and other obligations of the Company. If the Company itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Company's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

15. The Company has indemnification obligations.

The Company will indemnify members of its board of directors and its officers, and may indemnify employees and agents of the Company, against liabilities incurred in connection with any action, suit or proceeding arising out of or in connection with such indemnitee's activities or involvement with the Company, or with any other enterprise that such indemnitee is or was serving, as a director, officer, agent or fiduciary, at the request of the Company. The assets of the Company will be available to satisfy these indemnification obligations.

16. Prospective investors will have limited participation in the management of the Company.

Subject to certain rights of the Preferred Stockholders as discussed above, the Company's Board of Directors is vested with full powers to conduct the business and operations of the Company. Other than such rights of the Company Preferred Stockholders, prospective investors in the Company and other equity holders of the Company will not have the right to participate in the management of the Company. As a result, prospective investors in the Company will have limited control over their investment in the Company or their prospects with respect thereto.

17. Tax increases and changes in tax rules could adversely affect our financial results.

The Company has a sensitivity to changes in both direct and indirect taxation. We are also subject to duties and tariffs which are imposed as a result of our manufacturing product overseas and importing product for sale in the U.S. and elsewhere. Changes in taxation may have a substantial impact on our profitability.

18. Broken Shed's ability to grow is subject to funding our staffing needs.

Jean-Marie Heins, formerly with Sidney Frank Importing, has joined the Company as Chief Marketing Officer. Additionally, Steve Bellini, a former executive in the spirits industry with influential connections, has agreed to join the Company as a consultant. Funding from this capital raise is material to the support of the compensation offered to these employees.

In hiring Jean-Marie Heins and Steve Bellini, we are relying on their past performances in the industry with companies other than Broken Shed. While we have expectations that they will increase the value of the Company, we cannot describe with certainty the amount of such increase or the time within which such increase will occur, if at all.

19. The Company's ownership is highly concentrated in a few individuals.

A large portion of the Company's securities is owned by a few individuals who control the Board of Directors of the Company. As a result, they or their representatives on the Board of Directors possess significant influence and can authorize or prevent proposed significant Company transactions and sales and purchasing practices. This may also restrict the Company's ability to run day to day operations. This concentrated ownership and control may also have the effect of delaying or preventing a future change in control, impeding a merger, consolidation, takeover or other business combination involving the Company or discourage a potential acquirer from making a tender offer.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Company. Prospective investors in the Company should consult their own counsel and advisors before deciding to invest in the Company.