

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, except Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.*

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States of America, its territories or possessions, any State of the United States or the District of Columbia (collectively, the "United States") or "U.S. persons," as such term is defined in Regulation S promulgated under the U.S. Securities Act ("U.S. Persons"), except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation to buy any of such securities to, or for the account or benefit of, persons in the United States or U.S. Persons. See "Plan of Distribution".*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of INEO Tech Corp., 105-19130 24th Ave Surrey, British Columbia, V3Z 3S9, Telephone: (604) 244-1895 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

October 27, 2022

# INEO

**INEO Tech Corp.**

**Up to \$2,000,400  
Up to 16,670,000 Units**

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**Price: \$0.12 per Unit**

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This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of up to 16,670,000 units (the "**Units**") of INEO Tech Corp. (the "**Company**" or "**INEO**") for gross proceeds of up to \$2,000,400 at a price of \$0.12 per Unit (the "**Offering Price**"). Each Unit will consist of one common share (each a "**Common Share**") in the capital of the Company (a "**Unit Share**") and one-half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Common Share in the capital of the Company (each, a "**Warrant Share**") at an exercise price of \$0.19, until 5:00 p.m. (Eastern time) on the date that is 36 months from the Closing Date (as defined herein), subject to the terms of a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date between the Company and Computershare Trust Company of Canada (the "**Warrant Agent**"), as warrant agent.

The Offering is made pursuant to an agency agreement (the "**Agency Agreement**") to be entered into among the Company, Beacon Securities Limited (the "**Lead Agent**"), as lead agent and sole bookrunner, and a syndicate of agents including Echelon Wealth Partners Inc., PI Financial Corp., Haywood Securities Inc. and Paradigm Capital Inc. (together with the Lead Agent, the "**Agents**"). The Offering Price was determined by negotiation between the Company and the Lead Agent, on its own behalf and on behalf of the Agents, with reference to the prevailing market price of the Common Shares on the TSX Venture Exchange (the "**TSXV**").

Concurrent with the Offering, the Company intends to complete a \$1,000,000 non-brokered private placement in the form of unsecured promissory notes (the “**Notes**”) with Pathfinder Asset Management Limited (the “**Concurrent Private Placement**”). The Notes will bear interest at 12% per annum payable semi-annually and will mature three years after issue. The Company will issue purchasers of the Notes bonus shares equal to 20% of the principal amount of the Notes divided by \$0.14. The Concurrent Private Placement is subject to the approval of the TSXV and is expected to close concurrently with the Offering. The closing of the Concurrent Private Placement is not conditional on the closing of the Offering, and the closing of the Offering is not conditional on the completion of the Concurrent Private Placement. No finder’s fee or commission is payable on the Concurrent Private Placement. No finder’s fee or commission is payable on the Concurrent Private Placement. This Prospectus does not qualify the distribution of the securities issued pursuant to the Concurrent Private Placement, which securities will continue to be subject to a hold period of four months plus one day from the date of issue.

The Company’s Common Shares are listed and posted for trading on the TSXV under the symbol “INEO” and on the OTCQB Marketplace (the “**OTCQB**”) under the symbol “INEOF”. On October 26, 2022, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSXV was \$0.14. The Company will apply for conditional approval to list the Unit Shares, Warrant Shares and the Agents’ Shares (as defined below) to be distributed under this Prospectus on the TSXV. Listing will be subject to the Company fulfilling all of the requirements of the TSXV. See “*Plan of Distribution*”.

	<u>Price to the Public</u>	<u>Agents’ Fee<sup>(1) (2) (3)(5)(6)</sup></u>	<u>Net Proceeds to the Company <sup>(3)(4)(5)(6)</sup></u>
Per Unit	\$0.12	\$0.0096	\$0.1104
Total:	\$2,000,400	\$160,032	\$1,840,368

- (1) Pursuant to the Agency Agreement, the Company has agreed to pay to the Agents a fee equal to 8% of the gross proceeds of the Offering (the “**Agents’ Fee**”). As additional compensation, the Company has agreed to issue compensation options (the “**Compensation Options**”) to the Agents on the Closing Date (as defined below). The Compensation Options will entitle the Agents to purchase that number of Common Shares as is equal to 8% of the total number of Units (including any Additional Units (as hereinafter defined) issued upon exercise of the Over-Allotment Option (as hereinafter defined)) sold under the Offering (the “**Agents’ Shares**”), at an exercise price per Agents’ Share equal to the Offering Price for a period of 36 months from the Closing Date. The Agents’ Fee and the Compensation Options will be reduced to 4% on up to \$150,000 in gross proceeds for Units sold to certain purchasers designated by the Company on the presidents list (the “**President’s List**”). This Prospectus qualifies the distribution of the Compensation Options. See “*Plan of Distribution*”.
- (2) The Agents have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Agents, at any time not later than the 30th day after the Closing Date (as defined herein), to purchase from the Company up to an additional 2,500,500 Units of the Company (the “**Additional Units**”) at the Offering Price and/or up to 2,500,500 additional Unit Shares (“**Additional Unit Shares**”) and/or up to 1,250,250 additional Warrants (“**Additional Warrants**”), to cover the Agents’ over-allocation position, if any, and for market stabilization purposes (the “**Over-Allotment Option**”). The Over-Allotment Option may be exercised by the Agents: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Unit Shares at a price of \$0.115 per Additional Unit Share, or (iii) to acquire Additional Warrants at a price of \$0.01 per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Unit Shares and Additional Warrants, so long as the aggregate number of Additional Unit Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,500,500 Additional Unit Shares and 1,250,250 Additional Warrants, to cover the Agents’ over-allocation position, if any, and for market stabilization purposes. See “*Plan of Distribution*”.
- (3) If the Over-Allotment Option is exercised in full for Additional Units, the total “Price to the Public”, “Agents’ Fee” and “Net Proceeds to the Company” will be \$2,300,460, \$184,037 and \$2,116,423, respectively (assuming no sales to purchasers on the President’s List). This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units, Additional Unit Shares and Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agents’ over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.
- (4) After deducting the Agents’ Fee, but before deducting the expenses of the Offering, which are estimated to be \$200,000, which, together with the Agents’ Fee, will be paid out of the gross proceeds of the Offering.
- (5) Assuming no exercise of the Over-Allotment Option

(6) Assuming no sales to purchasers on the President's List.

The following table sets out the number of securities issuable under the Over-Allotment Option and the Compensation Options:

<u>Agents' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period or Acquisition Date</u>	<u>Exercise Price or Average Acquisition Price</u>
Compensation Options	1,333,600 Compensation Options <sup>(1)(2)</sup>	Exercisable for a period of 36 months following the Closing Date	\$0.12 per Agents' Share
Over-Allotment Option	2,500,500 Units	Not later than the 30 <sup>th</sup> day after the Closing Date	\$0.12 per Additional Unit (\$0.115 per Additional Unit Share and \$0.01 per Additional Warrant)

(1) If the Over-Allotment Option is exercised in full for Additional Units, the total "Number of Securities Available" will be 1,533,640 Compensation Options.

(2) Assuming no sales to purchasers on the President's List.

Unless the context otherwise requires, when used herein, all references to "Offering", "Units", "Unit Shares" and "Warrants" include the Additional Units, Additional Unit Shares and Additional Warrants issuable upon exercise of the Over-Allotment Option.

**There is currently no market through which the Warrants offered hereby may be sold and purchasers of the Warrants may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".**

The Offering is being conducted on a commercially reasonable efforts agency basis without underwriter liability by the Agents who conditionally offer the Units for sale if, as and when issued by the Company and accepted by the Agents, in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on behalf of the Company by McMillan LLP and on behalf of the Agents by WeirFoulds LLP.

The Offering is being made in each of the provinces of Canada, except Quebec. The Units will be offered in each of such provinces through the Agents or their affiliates who are registered to offer the securities for sale in such provinces and such other registered dealers as may be designated by the Agents. Subject to applicable law, the Agents may offer the Units in such other jurisdictions outside of Canada as agreed between the Company and the Agents. See "*Plan of Distribution*".

**An investment in the Units involves a high degree of risk. Prospective investors should consider the risk factors described under "Risk Factors" in this Prospectus and in the Company's Annual Information Form (as defined herein), which is incorporated herein and can be found on SEDAR at [www.sedar.com](http://www.sedar.com), before purchasing the Units.**

Subject to applicable laws and in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about November 17, 2022 or such later date as may be agreed upon by the Company and the Agents (the "**Closing Date**").

Other than pursuant to certain exceptions, the Units will be available for delivery in the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS on the Closing

Date in electronic form. A purchaser of Units will receive only a customer confirmation from the Agents or other registered dealer who is a CDS participant (a “**CDS Participant**”) through which the Units are purchased. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. Purchasers who are not issued certificates evidencing the Unit Shares and Warrants comprising the Units which are subscribed for by them at closing are entitled, under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), to request that certificates be issued in their name. Such a request will need to be made through the CDS Participant through whom the beneficial interest in the securities is held at the time of the request.

**Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Agents have not authorized anyone to provide prospective investors with information different from that contained or incorporated by reference in this Prospectus. The Agents are offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.**

**Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units. See “*Certain Canadian Federal Income Tax Considerations*”.**

Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars.

The Company’s head office and its registered and records office is located at 105-19130 24<sup>th</sup> Ave Surrey, British Columbia, V3Z 3S9.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contains information which may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information involves statements that are not based on historical information, but rather relate to future operations, strategies, financial results or other developments. Forward-looking information is necessarily based upon estimates and assumptions, which are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company’s control and many of which, regarding future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking information made by or on the Company’s behalf. 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 information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. All factors should be considered carefully and investors should not place undue reliance on the Company’s forward-looking information as actual results may vary. Examples of such forward-looking information within this Prospectus and the documents incorporated by reference herein include statements relating to:

- expected use of proceeds of the Offering;
- completion and timing of the Offering;
- plans and expectations for the Company’s further development and deployment of *INEO Welcoming Systems*;
- the anticipated timing of the completion of pilot testing for the *INEO Welcoming System* with large retailers described under the heading “*Business Objectives and Milestones*”;
- the anticipated commencement and execution of the rollout of the *INEO Retail Media Network* in large retail stores, as described under the heading “*Business Objectives and Milestones*”;
- the anticipated ability of the Company to generate increasing revenue from advertising on the *INEO Welcoming Pedestals*, *INEO Welcoming Pedestal DUOs* and *INEO Welcoming Players*; and
- the Company’s expectations for the demand for the Company’s services.

Forward-looking information reflects the Company’s current views with respect to expectations, beliefs, assumptions, estimates and forecasts about the Company’s business and the industry and markets in which the Company operates. Forward-looking information is not a guarantee of future performance and involves risks, uncertainties and assumptions, which are difficult to predict. Assumptions underlying the Company’s expectations regarding forward-looking statements or information contained in this Prospectus include, among others:

- the Company is providing a new and innovative service, which the Company anticipates will gain anticipated commercial acceptance, in particular by large retailers;
- that the advertising partners the Company contracts with will sell advertising space on the *INEO Welcoming Pedestals*, *INEO Welcoming Pedestal DUOs* and *INEO Welcoming Players*;
- that consumers will continue to frequent the retail outlets in the sectors that the Company provides its services to;
- the ability of the Company to protect its intellectual property;

- the size of the market for loss prevention systems;
- the Company's ability to generate revenue from its advertising and data analytics revenue streams; success with the Company's strategies and achieving its business objectives; and
- the Company's ability to raise sufficient funds from equity or other financings in the future to support its operations, and general business and economic conditions.

The foregoing list of assumptions is not exhaustive.

Persons reading this Prospectus are cautioned that forward-looking information is only a prediction, and that the Company's actual future results or performance are subject to certain risks and uncertainties including:

- the sufficiency of the Company's working capital, anticipated operating cash flow or its ability to raise additional funds on satisfactory terms, until the Company is able to operate profitably;
- the Company's competitors may launch and provide the same or similar service to that provided by the Company;
- the Company is providing a new and innovative product, for which there is no guarantee it will receive market acceptance;
- the ability of the Company to successfully complete the roll out of the *INEO Welcoming System* to retail clients on the scale necessary to generate profitability;
- the results of the pilot testing of the Company's services with large retailers may prove unsuccessful, and may lead to a slower adoption of the Company's services than anticipated;
- ability of the Company and its partner Prosegur to commercially manufacture the *INEO Welcoming Pedestals*, *INEO Welcoming Pedestal DUOs* and *INEO Welcoming Players* at scale;
- ability of the Company to protect its intellectual property;
- whether the key personnel will continue their employment with the Company;
- the effect of COVID-19 and other pandemics, and the response of governments thereto, on the retailers, which may curtail consumer store attendance and the thereby the value of the Company's services to retailers, which may affect the adoption of the Company's services; and
- that there will continue be demand for the Company's loss prevention systems.

This list is not exhaustive of the factors that may affect any of forward-looking statements or information of the Company. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*Risk Factors*".

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to it on the date such statements were made, no assurances can be given as to future results, approvals or achievements. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

## MARKET AND INDUSTRY DATA

Certain information in this Prospectus or in documents incorporated by reference herein is obtained from third party sources (including industry publications surveys and forecasts), including public sources, as well as, and management studies and estimates. There can be no assurance as to the accuracy or completeness of such information.

Unless otherwise indicated, the Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from its internal research, and include assumptions made by the Company which it believes to be reasonable based on its knowledge of the industry and markets in which it operates. Although the Company believes these sources to be generally reliable, market and industry data are subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey. Although believed to be reliable, management of the Company has not independently verified any of the data from third party sources unless otherwise stated.

While the Company believes the market position, market opportunity, and market share information included in this Prospectus are generally reliable, such information is inherently imprecise. In addition, projections, assumptions, and estimates of the future performance of the Company and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

## ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and WeirFoulds LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") and any proposal to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**"), as of the date hereof, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSA**s"), all as defined in the Tax Act (collectively "**Deferred Income Plans**"), provided that:

- (i) in the case of Unit Shares and Warrant Shares, (a) the Unit Shares or Warrant Shares, as applicable, are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSXV), or (b) the Company qualifies as a "public corporation" other than a "mortgage investment corporation" (as defined in the Tax Act); and
- (ii) in the case of the Warrants, (a) the Warrants are listed on a designated stock exchange in Canada for the purposes of the Tax Act, or (b) the Warrant Shares are qualified investments as described in (i) above and the Company is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Deferred Income Plan.

Notwithstanding that a Unit Share, Warrant or Warrant Share may be a qualified investment as discussed above, if the Unit Share, Warrant or Warrant Share is a "prohibited investment" for the purposes of the Tax Act, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or, the subscriber of an RESP which holds such Unit Share, Warrant or Warrant Share will be subject to penalty taxes as set out in the Tax Act. The Unit Share, Warrant or Warrant Share will be a prohibited investment for a relevant Deferred Income Plan if the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant under the RRSP or the RRIF, as the case may be, does not deal at arm's length with the Company for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. However, a Unit Share or Warrant Share will not be a "prohibited investment" if such securities are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by such RRSP, RRIF, RDSP, RESP or TFSA.

Based on Tax Proposals released on August 9, 2022 and proposed to come into force on January 1, 2023, it is expected that (a) the Unit Shares, Warrants and Warrant Shares would, provided they are qualified investments for trusts

governed by a Deferred Income Plan as described above, also be qualified investments for trusts governed by a “first home savings account” (a “FHSA”), and (b) holders of FHSAs would also be subject to the prohibited investment rules described above.

**Purchasers who intend to hold Unit Shares, Warrants or Warrant Shares through a Deferred Income Plan or FHSA should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

#### DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the provinces of Canada, except Quebec, are available at [www.sedar.com](http://www.sedar.com) and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company dated July 29, 2022 (the “**Annual Information Form**”);
- the audited consolidated financial statements of the Company, and the notes thereto for the years ended June 30, 2022 and 2021, together with the auditors’ report thereon and the notes thereto;
- the auditor’s report on the audited consolidated financial statements of the Company for the years ended June 30, 2022 and 2021;
- the management’s discussion and analysis of financial condition and results of operations for the year ended June 30, 2022;
- the Company’s investor presentation dated October 27, 2022 (the “**Investor Presentation**”);
- the template version of the term sheet relating to the Offering dated October 27, 2022;
- the material change report of the Company dated November 12, 2021 relating to the entering into a global agreement with Prosegur EAS;
- the material change report of the Company dated March 18, 2022 relating to the appointment of a new Chief Financial Officer; and
- the notice of meeting and management information and proxy circular for the Company’s annual general meeting held on March 8, 2022, as filed on SEDAR on February 1, 2022.

Material change reports (other than confidential reports), business acquisition reports, annual financial statements, interim financial statements, the associated management’s discussion and analysis of financial condition and results of operations and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion or withdrawal of the Offering, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or**

**superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of the Company from 105-19130 24th Ave Surrey, British Columbia, V3Z 3S9, Telephone: (604) 244-1895.

### **MARKETING MATERIALS**

The following “marketing materials” (as such term is defined in NI 41-101) have been filed with the Securities Commissions in connection with this Offering and are incorporated by reference into this prospectus (collectively, the “**Marketing Materials**”):

- the template version of the Investor Presentation; and
- the template version of the term sheet dated October 27, 2022 relating to the Offering.

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials are modified or superseded by a statement contained in this Prospectus. Any “template version” of any “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) will be deemed to be incorporated by reference into this Prospectus.

## THE COMPANY

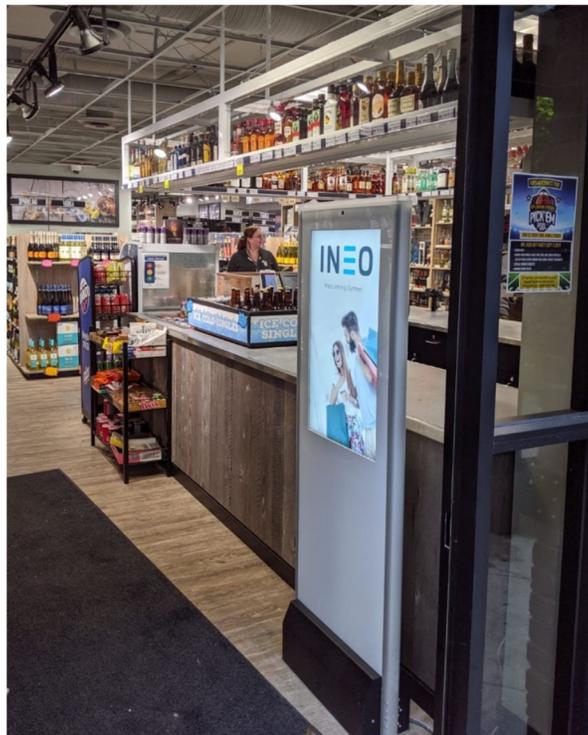
The Company was incorporated under the BCBCA on March 4, 2008. On January 24, 2020 the Company completed a reverse takeover transaction (the “**Qualifying Transaction**”) with INEO Solutions Inc. and changed its name to INEO Tech Corp.

The head office and registered office of the Company is located at 105-19130 24th Ave Surrey, British Columbia, V3Z 3S9. The Company’s Common Shares are listed on the TSXV under the trading symbol “INEO” and on the OTCQB under the symbol "INEOF".

The Company has one directly held wholly-owned subsidiary, INEO Solutions Inc. (“**Solutions**”). Solutions was incorporated on July 14, 2016 under the BCBCA. Solutions was founded with the intent of developing and commercializing what is now the *INEO Retail Media Network*, a system that combines traditional retail security tag readers with digital screens capable of targeting messages to shoppers as they are entering a retail establishment. Solutions amalgamated with a wholly-owned subsidiary of the Company in connection with the Qualifying Transaction, with the amalgamated company continuing under the name INEO Solutions Inc. Solutions has one wholly-owned subsidiary, FG Manufacturing Inc., which was incorporated under the BCBCA on December 15, 2016. FG Manufacturing produces and assembles components for the *INEO Retail Media Network*.

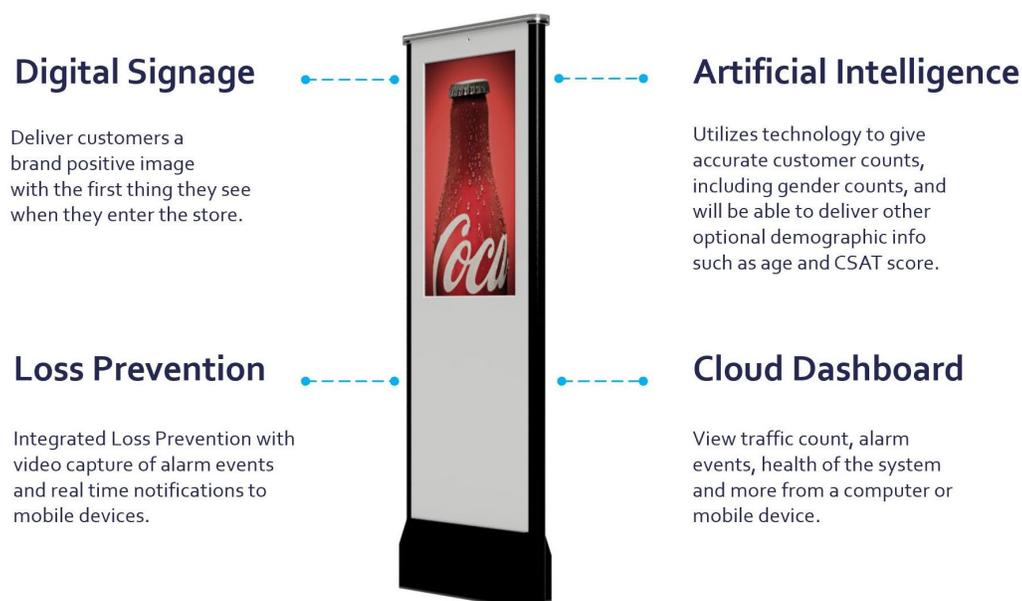
### Business of the Company

INEO operates the *INEO Retail Media Network* and is positioning itself as the new face of retail media. INEO's breakthrough product is the *INEO Welcoming Pedestal* – the first system that combines traditional retail security tag readers with digital advertising screens to target messages to shoppers as they enter and exit a retail establishment. The combination of retail loss prevention with digital advertising is a key innovation that was patented by the company shortly after its inception.



Typical INEO *Welcoming Pedestal*

The *INEO Welcoming Pedestal* is a direct replacement/upgrade-path for traditional retail loss prevention (anti-theft) systems, commonly known as Electronic Article Surveillance (EAS) systems, that are typically located at the door of a retail store. In addition to providing all the loss prevention capabilities of a traditional EAS system, the *INEO Welcoming Pedestal* also provides video capture of alarm events and real-time notifications to mobile devices. In addition, the *INEO Welcoming Pedestal*'s digital signage delivers a positive brand image as customers first enter into a retail store. Furthermore, the *INEO Welcoming Pedestal* uses artificial intelligence (AI) technology to give the retailer accurate customer counts including gender and approximate age of each customer. INEO is the only vendor to provide retailers with digital signage and loss prevention from a single integrated device as protected by INEO's patents in Canada, the United States and Europe.



In addition to the *INEO Welcoming Pedestal*, the Company has extended its product line with three additional devices: the patent-pending *INEO Welcoming Pedestal DUO* (a pedestal with a screen on both sides); the *INEO Welcoming Player* (for additional locations throughout a retailer); and the patent-pending *INEO GATE* (a loss prevention pedestal with fixed messaging such as corporate identification).

### *The Market*

The Company has identified seven key markets for the *INEO Retail Media Network*:

- liquor/alcohol
- grocery
- clothing
- electronics/office supply
- mass merchant
- home improvement
- pharmacy/beauty retailers.

With approximately 528,000 retail establishments, representing 2.38M loss prevention systems across North America, this provides a very large market opportunity to displace traditional loss-prevention systems with *INEO Welcoming Pedestals*.

### *Loss Prevention*

The loss-prevention technology made available through the *INEO Welcoming Pedestal* includes industry leading tag and label detection with solid range and filtering of false positive. INEO supports existing loss prevention tags and labels in use by retailers today. The system also captures video on each side of security events and streams the video to cloud storage for anytime viewing and analysis.

INEO's cloud management dashboard allows retailers to remotely confirm that the *INEO Welcoming Pedestal* is operational and connected. In the case of security alarm events, the cloud management dashboard provides alarm event notifications and trends, allows users to search and compare alarm events, and provides access to security event video playback and 90-day video storage.

### *Predictive Analytics*

The Predictive Analytics offered through the *INEO Retail Media Network* and *INEO Welcoming Pedestals* include:

- Location Performance – the Company's data visualization tools give its retailer clients detailed reports to measure the performance of each of their locations. Comparisons can be with other stores, across groups of stores and regions of stores (including across cities, provinces/states and countries).
- Visitor reporting – the Company allows the retailer to understand the characteristics of the customer traffic entering their retail stores. From simple counts to much deeper analysis of time of day, week, and month, with trending and pattern data, to help them tune the operation, marketing, merchandising and purchasing for their business.
- Competitive Intelligence – the Company delivers its customers the ability to benchmark their retail traffic data against other locations or groups of locations.
- Neighbourhood Profiling – the Company helps its retail customers understand the unique characteristics of each retail location. Using third party data sets, the Company gives its customers a detailed look at the context of the expected retail traffic in the trading area, or identified geocodes, within a designated distance surrounding each store. Examples of third-party datasets include census data and weather data.

### *Patents and Intellectual Property*

As part of its research and development process, the Company evaluates ongoing advances in its technology to determine the suitability of applying for additional patents. Currently the Company has the following patents and trademarks:

- The Company was granted Canadian patent 2,936,044, COMBINATION MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL, (the "**Flashgate Patent**") on October 22, 2019. The Flashgate Patent has a term of 20 years from the date the original patent application was filed. In furtherance of the Flashgate Patent, the Company was granted USPTO patent 10,614,691 on April 7, 2020 and European Patent Office patent 3482377 on March 9, 2022.
- The Company announced on April 6, 2022 that it had filed for a design patent for the unique features of its INEO Welcoming GATE, a companion product which works in conjunction with the INEO Welcoming System to enhance the loss prevention protection at retail stores' entrances and exits.
- The Company announced that it had filed for a design patent for ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL WITH TWO-SIDED DISPLAY on June 28, 2022. While it is the Company's opinion the innovation is covered under the Flashgate Patent, the additional patent application will protect uniquely developed design features of the INEO Welcoming System Duo, a loss prevention and advertising system with a display screen on each side.
- The Company announced on October 19, 2022 that it had made PCT filings for INEO Welcoming GATE Design Patent.

- The Company has registered trademarks for “Flashgate” and “INEO”. The Company expects to file additional patent applications as it continues to develop its technology. The Company also expects to make PCT filings for all patent applications at the appropriate time.

### *Revenue Generation*

The Company currently owns all rights, title and interest to all components of the *INEO Retail Media Network* and *INEO Welcoming Pedestals* for worldwide distribution and installation. The Company generates revenue through:

- Direct sales to the retailer, which results in generating monthly revenue to INEO of approximately \$500 to \$1,000 per store
- Channel sales through a distribution partner such as Prosegur, which results in generating monthly revenue to INEO of approximately \$300 to \$600 per store
- Ongoing, periodic sales to retailers of loss-prevention (EAS) systems & consumables

#### (i) Direct sales to retailer

Under this model, retailers will receive the *INEO Welcoming Pedestal* free of charge, as the Company will pay for the cost of manufacturing and installation of its *INEO Welcoming Pedestal*, and the Company will continue to own all deployed *INEO Welcoming Pedestals* and will provide all required ongoing maintenance free of charge to customers. Depending on the retailer’s choice, INEO may collect advertising revenue or a monthly Software-as-a-Service (SaaS) fee.

Typically, a small independent retailer will not have the ability or expertise to sell the advertising themselves, in which case INEO will sell the advertising and collect all of the advertising revenue. INEO also provides the retailer allocation of 15% of the *INEO Welcoming Pedestal’s* screen time, and the retailer reserves the right to select which advertisers are permitted on the digital screens in its store.

A large retail chain, on the other hand, will typically have its own marketing team, expertise and co-operative advertising budget and is able to sell the advertising on the screens by themselves. In this case, INEO will receive a SaaS fee for the delivery of advertisements to the digital screens, and for providing ongoing maintenance and support. Under this model, the retailer will control 100% of the advertising time on the *INEO Welcoming Pedestal*, selling the available advertising space to their vendors within their co-operative marketing programs or utilizing the advertising space for their own services and products.

In either case, where INEO collects monthly advertising revenue or a monthly SaaS fee, the Company expects it will generate revenue of approximately \$500 to \$1,000 per store per month, where the range of fees is dependent on the number of systems installed in the store. A small independent retailer may have a single door store entrance therefore only require one *INEO Welcoming Pedestal* and one *GATE Pedestal*. Conversely, a large retail store may have multiple door entrances, and therefore it may end up deploying all of INEO’s products including the *INEO DUO Pedestal*, the *Welcoming Pedestals*, *GATE Pedestals* and *Media Player*.

#### (ii) Channel sales through distribution partner (such as Prosegur)

Under this model the partner, such as Prosegur, will fund all hardware and installation costs and the retailer will receive the *INEO Welcoming Pedestal* free of charge. INEO will receive a SaaS fee for the delivery of advertisements to the digital screens, and for providing ongoing maintenance and support. Under this model, the retailer will control 100% of the advertising time on the *INEO Welcoming Pedestal*, selling the available advertising space to their vendors within their co-op marketing programs or utilizing the advertising space for their own services and products. The Company expects it will generate revenue of approximately \$300 to \$600 per store per month, where the range of fees is dependent on the number of systems installed in each store.

## **Go-To-Market Strategy**

The Company initially focused its efforts on rolling out the *INEO Retail Media Network* to independent liquor retailers in British Columbia and Alberta to successfully demonstrate the effectiveness of its technology. INEO deployed its systems in over 140 stores which also demonstrated to large retailers that INEO has the technology and ability to install and operate an entire network of *INEO Welcoming Pedestals*.

On November 2, 2021, the Company announced the signing of a global supply agreement with Prosegur EAS USA Inc. ("**Prosegur**"), a subsidiary of Prosegur Compañía de Seguridad, S.A, a multinational security company headquartered in Madrid, Spain (the "**Global Agreement**"). Prosegur, among other things, provides security solutions to a number of large retail chain stores.

Under the Global Agreement, Prosegur will assume responsibility for manufacturing, marketing, selling and installation of *INEO Welcoming Systems* in their markets. As part of the Global Agreement, the Company anticipates receiving ongoing SaaS revenue from the retailer for the operation and management of the *INEO Retail Media Network*.

Over the last 12 months, the Company has expanded its market penetration with successful pilot projects in numerous retail chains worldwide. Additional detail is as follows:

- Successfully completed several pilot store installations with US based retailers in a broad geographic area. The Company is now deploying additional concentrated pilots in regions throughout the US including a large number of systems in one east coast city, additional units in a southern region city as well as numerous systems in the LA and San Francisco areas. INEO expects to add further city locations in 2022 and 2023.
- Signed a Preferred Vendor Agreement with a Canadian retailer who has approximately 500 franchisee locations across Canada. Subsequently the Company has installed three Welcoming Systems for this retailer and has secured orders for several more locations.
- Through the Prosegur partnership the Company successfully completed a pilot program with a grocery retailer in Colombia, resulting in an order for an additional 50 store location installations in early 2023.
- Through the Prosegur partnership, the Company has installed pilot programs with five additional retailers in the US representing multiple retail markets including: grocery, agriculture supply, department store, luxury brand retailer and a global sports franchise. The Company expects these pilot programs to materialize into orders for thousands of retail store installations in the coming years.

## **Manufacturing**

INEO has manufacturing capabilities in house and through its global distribution partnership with Prosegur. Based in Surrey, BC, INEO's current manufacturing facility has a production capacity of 75 Welcoming Pedestals per month, which can ramp up to a potential production capacity of 150 Welcoming Pedestals per month in the future. Thus far, the Surrey manufacturing facility has primarily been used for rapid prototyping and manufacturing test units for research and development purposes as well as producing systems for the Company's independent liquor store network, customer trials with large North America retailers and shipping units to Prosegur's early trial customers.

Furthermore, as part of the partnership agreement with Prosegur, INEO has worked with Prosegur to set up a manufacturing facility in Czech Republic. The Czech Republic facility is ready to go into production for large quantities of orders, with an initial estimated production capacity of approximately 400 units per month with a potential production capacity for over 1,000 units per month in the future.

## **COVID-19 Pandemic Update**

Certain COVID-19 related risks could result in delays or additional costs in order for the Company to achieve its business objectives. The impact of the COVID-19 pandemic has had and continues to have implications across many economic activities, including those of the Company. Management believes that to date the Company has effectively

managed the impact of the COVID-19 pandemic on the Company’s business. By focusing sales of its *INEO Welcoming Pedestals* and the *INEO Retail Media Network* on liquor and alcohol retailers, which were considered “essential services” by governments in the provinces in which the Company operates, the Company was able to continue executing on its core business plan resulting in the COVID-19 pandemic having had little impact on the Company’s business to date. COVID-19 continues to pose a risk to the timing of deployment of the Company’s products and services to retailers, including logistical, shipping and supply chain risks, and management of the Company will remain vigilant in its efforts to manage the Company’s business and growth strategy appropriately as circumstances develop. Shipping lead times have increased due to the worldwide container shipping capacity situation. To overcome this worldwide problem INEO is ordering more inventory well in advance of its needs than it typically would for a lean manufacturing business. Having access to parts and supplies is critical however it means inventories are higher than they may otherwise have been without the shipping lead time situation.

## CONSOLIDATED CAPITALIZATION

There have been no material changes in the equity or loan capital structure of the Company since June 30, 2022. For details of equity issuances by the Company in the twelve months preceding the date of this Prospectus, see “*Prior Sales*”.

The following table sets forth the consolidated capitalization of the Company as at June 30, 2022, adjusted to give effect to the Offering. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management’s discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at June 30, 2022 before giving effect to the Offering	As at June 30, 2022 after giving effect to the Offering <sup>(2)(3)</sup>	As at June 30, 2022 after giving effect to the Offering, assuming exercise of the Over-Allotment Option in full <sup>(3)</sup>
Common Shares <sup>(1)</sup>	60,190,138	76,860,138	79,360,638
Warrants	9,727,275	18,062,275	19,312,525
Stock Options <sup>(4)</sup>	4,350,863	4,350,863	4,350,863
Compensation Options	1,482,233	2,815,833	3,015,873

Notes:

- (1) The Company is authorized to issue an unlimited number of Common Shares.
- (2) Assuming no exercise of the Over-Allotment Option.
- (3) Before deducting the Agents’ Fee and the estimated costs of the Offering.
- (4) Each option entitles the holder to acquire one common share. See “*Prior Sales*”.

## USE OF PROCEEDS

As at September 30, 2022, the Company had working capital of approximately \$1,201,837. The estimated net proceeds to be received by the Company from the Offering, after deducting the Agents’ Fee and estimated expenses of the Offering of \$200,000, will be \$1,640,368. Based on the Company’s estimated working capital of \$1,201,837 as at September 30, 2022, the Company expects to have approximately \$2,842,205 of total available funds upon completion of the Offering (before giving effect to any exercise of the Over-Allotment Option and assuming no sales to purchasers on the President’s List). The Company intends to use the net proceeds of the Offering together with its existing cash for the following purposes:

Use of Proceeds	Allocation of Net Proceeds and Existing Working Capital (\$) <b>2,842,205</b> <sup>(1)</sup>
Capital Expenditures:	
INEO Retail Media Network Expansion	350,000
Research and Development	
EAS Research <sup>(2)</sup>	50,000
Intellectual Property <sup>(3)</sup>	25,000
Operating Expenses	
Salaries and Wages	655,000
Prosegur Support	50,000
Professional Fees	275,000
Marketing	75,000
Travel	25,000
Rent and General Office Overhead	350,000
Unallocated working capital	987,205
<b>Total</b>	<b>\$2,842,205</b>

Notes:

- (1) If the Over-Allotment is exercised in full, the net proceeds to the Company from the Offering, after deducting the Agents' Fee and estimated expenses of the Offering, will be 1,916,423 (an additional \$276,055 of available funds). Any additional proceeds received from the exercise of the Over-Allotment Option will be added to unallocated working capital. Prior to the completion of the Offering, the Company has sufficient cash and working capital to cover general and administrative expenses and operating expenses for a period of six months, after which time the Company would need to seek additional financing or reduce expenditures.
- (2) Relates to the enhancement of underlying loss prevention tag-detection technology inside the INEO Welcoming System. See "*Business Objectives*", "*Technology Objectives*" and "*Business Milestones*" below
- (3) Relates to the filing of additional patent and trademark applications to further protect the intellectual property assets of the Company. See "*Business Objectives*", "*Technology Objectives*" and "*Business Milestones*" below.

Although the Company intends to use the proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events. See "*Risk Factors*".

Pending the use of proceeds outlined above, the Company intends to invest the net proceeds of the Offering in investment grade, short-term, interest-bearing securities. The Chief Financial Officer is responsible for executing the Company's investment policies.

During the year ended June 30, 2022, the Company had revenue of \$1,245,095. During the year ended June 30, 2022 the Company had negative cash flow from operating activities, reported a loss and comprehensive loss of \$3,292,699 and loss per share of \$0.05. The Company anticipates it will continue to have negative cash flow from operating activities and net losses in future periods unless and until commercial sales are achieved for the INEO *Welcoming System*. A portion of the proceeds from the Offering will be used to fund negative cash flow from operating activities in future periods.

## Business Objectives and Milestones

The Company is not yet profitable and will use the proceeds of the Offering to fund its operations for a minimum of the next twelve months while it pursues its business objectives of expanding the *INEO Retail Media Network* to a larger group of retailers, and adding further technology features to the *INEO Retail Media Network* to meet customer needs.

### *Business and Technology Objectives*

The Company's business objectives for the next twelve months are as follows:

- INEO Retail Media Network Expansion
  - Deployment of INEO Welcoming Systems and the INEO Retail Media Network into retailers where pilots have been secured with or without Prosegur. Running pilots is the first stage of landing national retailers to use the *INEO Retail Media Network*. Within large retailers there are often many departments which need to sign off on deployments of new technologies and business processes and pilots serve the purpose of getting all parties agreeing to move ahead. INEO is currently working through the sales cycle of securing pilot testing agreements with certain large retailers.
  - Completing pilot testing for the INEO Welcoming Systems and INEO Retail Media Network already installed with large retailer customers, either via direct relationship with the retailer or through partner Prosegur.
  - The commencement and execution of the rollout of INEO Welcoming Systems and the *INEO Retail Media Network* in large retail stores with and without Prosegur, under contract with the retailer. Upon and subject to the successful completion of the pilot testing phase, full scale rollouts of the *INEO Retail Media Network* will commence once a contract is secured. This type of roll-out will require extensive planning and logistics coordination, including but not limited to supply chain, manufacturing and delivery and installation coordination.
  
- EAS Research and Patent Extensions
  - Filing of additional patent applications and grants of additional patents.
  - INEO maintains many trade secrets within its technology and manufacturing processes and will determine the feasibility of patenting these at the right time. Development projects underway which could yield patents or trade secrets in the next year include:
    - Novel new tag detection technology
    - Antenna design
    - Form factor design

### *Milestones*

The milestones the Company must achieve in order to accomplish the business and technology objectives set out above are as follows:

<b>Business/Technology Objective</b>	<b><u>Related Milestone(s)</u></b>	<b>Expected Timing</b>	<b>Expected Costs</b>
<i>INEO Retail Media Network</i> Expansion	Deployment and roll-out of 50 <i>INEO Welcoming Systems</i> with a national office supply retailer. (Capital Expenditure)	June 30, 2023	\$350,000
	Deployment of 20 pilot locations with Prosegur (Operating Expense)	June 30, 2023	\$50,000

EAS Research	Development of additional security tag-sensing capabilities.	December 31, 2022	\$50,000
Intellectual Property	Filing of additional patent applications and/or trademarks.	March 31, 2023	\$25,000

### Prior Use of Proceeds

On March 10, 2021, INEO closed its upsized marketed public offering of 19,454,550 units (the “**2021 Units**”) at a price of \$0.36 per 2021 Unit for aggregate gross proceeds of \$7,003,638 (the “**2021 Offering**”), which included the exercise in full of the agents’ over-allotment option. Each 2021 Unit consisted of one common share of the Company and one half of one common share purchase warrant.

The following table sets forth the intended and actual use of proceeds from the 2021 Offering:

Intended Use of Proceeds of 2021 Offering (Maximum Offering)		Actual Use of Proceeds from 2021 Offering	(Over)/under expenditure	Explanation of Variance and impact on business objectives
Capital Expenditures	\$645,000	\$393,910	\$251,090	Focused more on large national retailers and Prosegur partner retailers as the opportunity was determined to be much larger than deploying more independent stores. INEO’s large retailer focus required less systems to be installed in the last 18 months as the Company installed pilots which take time for them to proceed to contracts. When the retailer relationships eventually proceed beyond the pilot stage they will require more capital expenditures but not in the initial phases.
Research and Development	\$1,076,000	\$743,781	\$332,219	Research and development was focused on delivering just what INEO needed for the large retailer and Prosegur deployments, and some of the projects which were envisioned to increase the scope of business opportunities were not needed.
Operating Expenses	\$1,808,000	\$3,339,209	\$(1,531,209)	The large retailer and Prosegur retailer focus meant more sales, marketing and support needs as the scale of the customer is so much larger. Even with less units deployed, the need to invest in developing the opportunities required additional allocation of resources to secure the business for future growth

Unallocated working capital	\$2,062,900	\$1,115,000	\$947,900	Covered above in the notes for Capital Expenditures, Research and Development and Operating Expenses.
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## PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Company will appoint the Agents to act as its agent to conduct the offering in the provinces of Canada, except Quebec (the “**Offering Jurisdictions**”) on a commercially reasonable efforts basis at the Offering price for gross proceeds of up to \$2,000,400. The obligations of the Agents under the Agency Agreement will be conditional and may be terminated in their discretion on the basis of their assessment of the state of the financial markets and in certain other stated circumstances. The Agents have agreed to assist with the Offering on an agency basis and will not be obligated to purchase any of the Units for their own account.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$0.19 until 5:00 p.m. (Eastern Time) on the date that is 36 months from the Closing Date, after which time the Warrants will be void and of no value. This Prospectus qualifies the distribution of the Unit Shares and the Warrants included in the Units.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. See “*Description of Securities Being Distributed*”.

The Company has also granted the Agents the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Agents for a period of 30 days from and including the Closing Date, to purchase up to 2,500,500 Additional Units and/or up to 2,500,500 Additional Unit Shares and/or up to 1,250,250 Additional Warrants, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agents: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Unit Shares at the price of \$0.115 per Additional Unit Share; or (iii) to acquire Additional Warrants at a price of \$0.01 per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Unit Shares and Additional Warrants, so long as the aggregate number of Additional Unit Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,500,500 Additional Unit Shares and 1,250,250 Additional Warrants. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units and/or Additional Unit Shares and/or Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agents’ over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Offering Price and certain terms of the Offering were determined by negotiation between the Company and the Lead Agent, on its own behalf and on behalf of the Agents. Among the factors considered in determining the Offering Price were the market price of the Common Shares, prevailing market conditions, the historical performance and capital structure of the Company. The Agents have reserved the right to form a selling group of appropriately registered dealers and brokers (the “**Selling Group**”), with compensation to be negotiated between the Agents and such selling group participants, but at no additional cost to the Company.

Pursuant to the Agency Agreement, the Company has agreed to pay to the Agents the Agents’ Fee which is equal to 8% of the gross proceeds from the issue and sale of the Units (including in respect of any exercise of the Over-Allotment Option). As additional compensation, the Company has also agreed to issue to the Agents the Compensation Options on the Closing Date. The Compensation Options will entitle the Agents to acquire that number of Agents’ Shares equal to 8% of the number of Units sold under the Offering, including 8% of the number of Additional Units sold upon exercise of the Over-Allotment Option. The Compensation Options will be exercisable for a period of 36 months from the Closing Date at an exercise price equal to the Offering Price. The Agents’ Fee payable and number of Compensation Options issuable will be reduced to 4% on up to \$150,000 in gross proceeds for Units

which may be sold to purchasers on the President's List. Insiders and their affiliates may subscribe for Units pursuant to the Offering.

The Company has also agreed to reimburse the Agents for their reasonable out-of-pocket fees and expenses, including the fees and expenses of their legal counsel whether or not the Offering is completed.

The Units will be offered in the Offering Jurisdictions through the Agents and such other registered dealers as may form part of the Selling Group. Subject to applicable law, the Agents may offer the Units in such jurisdictions outside of Canada as agreed between the Company and the Agents. Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice.

Other than pursuant to certain exceptions, the Units will be available for delivery in the book-based system through CDS or its nominee and will be deposited with CDS on the Closing Date in electronic form. A purchaser of Units will receive only a customer confirmation from the Agents or other registered dealer who is a CDS Participant through which the Units are purchased. CDS will record the CDS Participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. Purchasers who are not issued certificates evidencing the Unit Shares and Warrants comprising the Units which are subscribed for by them at closing are entitled, under the BCBCA, to request that certificates be issued in their name. Such a request will need to be made through the CDS Participant through whom the beneficial interest in the securities is held at the time of the request.

Pursuant to policies of certain Canadian securities regulatory authorities, the Agents may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for its own accounts or for accounts over which it exercises control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Agents may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

These stabilizing transactions and syndicate covering transactions may have the effect of preventing or mitigating a decline in the market price of the Common Shares, and may cause the price of the Units to be higher than would otherwise exist in the open market absent such stabilizing activities. As a result, the price of the Unit Shares may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

The Company has agreed, pursuant to the Agency Agreement, to indemnify the Agents and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling the respective Agents or their respective affiliates and against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Agents may have to make because of such liabilities.

The Company will apply to list the Unit Shares (including the Additional Unit Shares) to be distributed under this Prospectus, as well as the Warrant Shares (including the Warrant Shares issuable upon due exercise of the Additional Warrants) on the TSXV. Listing will be subject to the Company fulfilling all of the requirements of the TSXV. There is currently no market through which the Warrants may be sold. See "Risk Factors".

The Units, the Unit Shares, the Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws and, accordingly, may not be offered, sold, or delivered directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and all applicable state securities laws. The Agents have agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Units, the Unit Shares or the Warrants to, or for the account or benefit of, persons in the United States or U.S. Persons. The Agency

Agreement will permit the Agents to offer to purchasers to whom the Company will sell directly the Units, the Unit Shares and the Warrants outside the United States to non-U.S. Persons in compliance with Regulation S under the U.S. Securities Act. The Agency Agreement also permits the Agents, through their United States registered broker-dealer affiliates, to offer to purchasers to whom the Company will sell directly the Units, the Unit Shares and the Warrants to, or for the account or benefit of, persons in the United States and U.S. Persons who are “accredited investors,” as such term is defined in Rule 501(a) of Regulation D under the U.S. Securities Act, in compliance with Rule 506(b) of Regulation D under the U.S. Securities and applicable state securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units, the Unit Shares or the Warrants to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until forty (40) days after the commencement of the Offering, any offer or sale of Units, the Unit Shares or the Warrants offered hereby to, or for the account or benefit of, persons in the United States or U.S. Persons by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

The Unit Shares, the Warrants and the Warrant Shares, in each instance issued to, or for the account or benefit of, persons in the United States or U.S. Persons, will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Any certificates representing such securities will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

Terms used and not defined in the two preceding paragraphs shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

Other than in the Offering Jurisdictions, no action has been taken by the Company or the Agents that would permit a public offering of the Units offered by this Prospectus in any jurisdiction where action for that purpose is required. The Units offered by this Prospectus may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisements in connection with the offer and sale of any Units be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this Prospectus comes are advised to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Prospectus.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Units offered by this Prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McMillan LLP, counsel to the Company, and WeirFoulds LLP, counsel to the Agents, the following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm’s length with the Company and the Agents and any subsequent purchaser of the Unit Shares, Warrants or Warrant Shares, (ii) is not affiliated with the Company, the Agents or a subsequent purchaser of the Unit Shares, Warrants or Warrant Shares, and (iii) acquires and holds the Unit Shares and Warrants, and will hold the Warrant Shares issuable on the exercise of the Warrants, (the Unit Shares and Warrant Shares hereinafter sometimes collectively referred to as “**Shares**”) as capital property. A holder who meets all of the foregoing requirements is referred to as a “**Holder**” in this summary, and this summary only addresses such Holders. Generally, the Shares and Warrants will be considered as capital property of a Holder thereof provided that the Holder does not use the Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a “financial institution” for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii), an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; (v) that receives dividends on the Shares under or as part of a “dividend rental

arrangement” as defined in the Tax Act; or (vi) that has entered into or will enter into a “derivative forward agreement” or “synthetic disposition arrangement”, as those terms are defined in the Tax Act, with respect to the Shares or Warrants. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units. Such Holders should consult their own tax advisors with respect to an investment in Units.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident person or a group of non-resident persons that do not deal with each other at arm's length (for purposes of the Tax Act). Such Holders should consult their tax advisors with respect to the consequences of acquiring Units.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and our understanding of the current published administrative and assessing practice of the Canada Revenue Agency (the “CRA”). Except as specifically referenced below, this summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”) and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practice of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances.

### **Allocation of Cost**

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the one-half Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate \$0.115 of the Offering Price of each Unit as consideration for the issue of each Unit Share and \$0.005 of the Offering Price of each Unit for the one-half Warrant comprising part of the Unit. Although the Company believes its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

### **Exercise of Warrants**

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

### **Holders Resident in Canada**

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (“Resident Holders”). Certain Resident Holders whose Common Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, and every other “Canadian security” as defined in the Tax Act,

held by such persons, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

#### *Expiry of Warrants*

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*".

#### *Dividends*

Dividends received or deemed to be received on the Shares, if any, will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced dividend tax credit in respect of "eligible dividends", if any, so designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be restrictions on the Company's ability to so designate any dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received by Resident Holder that is a corporation must be included in computing its income but may be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. A Resident Holder that is a "private corporation" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a special tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, and Resident Holders that are corporations should consult their own tax advisors in this regard.

#### *Dispositions of Shares and Warrants*

Upon a disposition (or a deemed disposition) of a Share or a Warrant (other than on the exercise thereof), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*".

#### *Capital Gains and Capital Losses*

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act), or a “substantive CCPC” (as proposed to be defined in the Tax Act pursuant to Tax Proposals released on August 9, 2022), also may be liable to pay a special additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act) for the year which will include taxable capital gains.

#### *Minimum Tax*

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

#### **Holders Not Resident in Canada**

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act, (i) are not, and will not be deemed to be, resident in Canada at any time while they hold the Shares or Warrants, and (ii) do not use or hold, and are not deemed to use or hold, the Shares or Warrants in carrying on a business in Canada at any relevant time (“**Non-Resident Holders**”).

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act). Such Holders should consult their own tax advisors.

#### *Dividends*

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Income Tax Convention (1980) (the “**Treaty**”) as amended, for example, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty (a “**U.S. Holder**”) is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company’s voting shares). Affected Non-Resident Holders should consult their own tax advisors in this regard.

#### *Dispositions of Shares and Warrants*

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

A Non-Resident Holder's capital gain (or capital loss) in respect of Shares or Warrants that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "Holders Resident in Canada – Dispositions of Shares and Warrants".

Non-Resident Holders who may hold Shares or Warrants as taxable Canadian property should consult their own tax advisors in this regard.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

### **Authorized Capital**

The authorized capital of the Company consists of an unlimited number of Common Shares without par value which as at the date hereof, 60,190,138 Common Shares are issued and outstanding.

### **Units**

Each Unit consists of one Unit Share and one-half of one Warrant. The following is a summary of the rights, privileges, restrictions and conditions attached to such securities.

### **Common Shares**

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

### **Warrants**

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which will be filed by the Company under its corporate profile on SEDAR following the closing of the Offering. A register of holders will be maintained at the principal offices of the Warrant Agent in Toronto, Ontario.

The Unit Shares and the Warrants comprising the Units will separate upon the closing of the Offering. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$0.19 until 5:00 p.m. (Eastern time) on the date that is 36 months from the Closing Date, subject to certain exceptions and the terms of the Warrants, after which time the Warrants will be void and of no value.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;

- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares, or evidence of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or a capital reorganization of the Company (other than as described in clauses (i) or (ii) above), (b) consolidations, amalgamations, arrangements, mergers or other business combination of the Company with or into another entity, or (c) any sale, lease, exchange or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on counsel, the rights of the holders of Warrants are not prejudiced, as a group. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, will be subject to approval by an “Extraordinary Resolution”, which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Warrants may be surrendered for exercise or transfer.

## PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities exercisable or convertible into Common Shares:

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
October 25, 2021	Options	225,000	\$0.26
November 8, 2021	Common Shares <sup>(1)</sup>	4,500	\$0.36
November 10, 2021	Common Shares <sup>(1)</sup>	39,870	\$0.36

Notes:

(1) Issued pursuant to the exercise of broker warrants.

## TRADING PRICE AND VOLUME

The Common Shares are listed on the TSXV under the trading symbol “INEO” and on the OTCQB under the symbol “INEOF”. The following tables set forth information relating to the trading of the Common Shares on the TSXV for the months indicated.

Month	TSXV Price Range (\$)		Total Volume
	High	Low	
October 2021	0.320	0.210	1,089,118
November 2021	0.390	0.260	2,345,784
December 2021	0.320	0.240	1,949,085
January 2022	0.315	0.245	1,475,427
February 2022	0.295	0.250	628,421
March 2022	0.280	0.250	612,231
April 2022	0.270	0.225	662,547
May 2022	0.275	0.165	1,293,882
June 2022	0.245	0.185	2,436,250
July 2022	0.200	0.170	789,124
August 2022	0.210	0.175	1,978,136
September 2022	0.180	0.135	771,223
October 1-26, 2022	0.150	0.125	415,719

Month	TSXV Price Range (\$)		Total Volume
	High	Low	
Month	OTCQB Price Range (\$)		Total Volume
	High	Low	
October 2021	0.243	0.189	9,011
November 2021	0.300	0.221	168,542
December 2021	0.260	0.211	15,647
January 2022	0.416	0.189	249,372
February 2022	0.167	0.091	40,438
March 2022	0.223	0.210	6,701
April 2022	0.200	0.187	18,338
May 2022	0.220	0.129	72,170
June 2022	0.250	0.145	936,911
July 2022	0.200	0.138	96,601
August 2022	0.193	0.132	194,469
September 2022	0.145	0.100	145,311
October 1-26, 2022	0.167	0.091	33,943

## RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the Annual Information Form, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com), and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information", before deciding to purchase the Units. Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

### Risks Related to the Offering and the Common Shares

*The market price of the Common Shares is volatile and may not accurately reflect the long-term value of the Company*

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors included macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Units is also likely to be significantly affected by changes in the financial condition or results of operations as reflected in its financial reports. If an active market for the Unit Shares and Warrants does not continue, the liquidity of an investor's investment may be limited and the price of the Unit Shares and Warrants may decline below the Offering Price. If an active market does not continue, investors may lose their entire investment in the Units. As a result of any of these factors, the market price of the Units at any given point in time may not accurately reflect the long-term value of the Company.

*A positive return in an investment in the Units is not guaranteed*

There is no guarantee that an investment in the Units will earn any positive return in the short term or long term. A purchase under the Offering involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

*The Company has discretion in the use of net proceeds*

The Company intends to use the net proceeds from this Offering as set forth under "Use of Proceeds"; however, the Company maintains broad discretion to use the net proceeds from this Offering in ways that it deems most efficient. As a result, purchasers will be relying on the judgment of management for the effective use of such proceeds. Management may use such proceeds in ways that purchasers may not consider desirable. The results and the effectiveness of the investment of the proceeds of this Offering are uncertain. If the proceeds are not applied effectively, the results of the Company's business, financial condition, operations and prospects may suffer.

*Negative Cash Flow From Operations*

The Company has negative operating cash flow. The Company cannot guarantee if it will have positive cash flow from operating activities in future periods. The Company cannot provide any assurance that it will achieve sufficient revenues to achieve or maintain profitability or positive cash flow from operating activities. If the Company does not achieve or maintain profitability or positive cash flow from operating activities, then there could be a material adverse effect on the Company's business, financial condition and results of operation and the Company may need to deploy a portion of its working capital to fund such negative operating cash flows or seek additional sources of funding, of which there is no assurance that any required funding will be obtained.

In the event that cash flow from operations do not adequately support the fixed costs of the Company, the Company will then be required to re-evaluate its planned expenditures, reallocate its total resources and may require future financings in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of the Company's existing and planned operations. The presence of these conditions may indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

*Risk Factors Related to Dilution*

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

The Company may also consider issuing convertible debt or equity securities, which may rank prior to the Common Shares, in the future to fund potential acquisitions or investments, or for general corporate purposes. If the Company issues convertible debt or equity securities to raise additional funds, the Company's existing shareholders may experience dilution, and the new convertible debt or equity securities may have advantageous rights, preferences and privileges when compared to those of the Company's existing shareholders. The Company is unable to predict the future amount of such issuances or dilution.

#### *Active Liquid Market for Common Shares*

There may not be an active, liquid market for the Unit Shares and Warrant Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSXV. Investors may not be able to sell their Unit Shares and Warrant Shares quickly or at the latest market price if trading in the Common Shares is not active.

#### *No Market for Warrants*

There is currently no market through which the Warrants may be sold and the Company has not applied to list the Warrants. Accordingly, the purchasers may not be able to resell the securities purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

#### *Sale of Common Shares Issued Upon Exercise of the Warrants Could Encourage Short Sales by Third-Parties Which Could Further Depress the Price of the Common Shares*

Any downward pressure on the price of Common Shares caused by the sale of Warrant Shares issued upon the exercise of the Warrants could encourage short sales by third-parties. In a short sale, a prospective seller borrows Common Shares from a shareholder or broker and sells the borrowed Common Shares. The prospective seller anticipates that the Common Share price will decline, at which time the seller can purchase Common Shares at a lower price for delivery back to the lender. The seller profits when the Common Share price declines because it is purchasing Common Shares at a price lower than the sale price of the borrowed Common Shares. Such sales could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could further contribute to any decline in the market price of the Common Shares.

### **Additional Risks Related to the Company**

#### *Prosegur*

On November 2, 2021, the Company entered into the Global Agreement with Prosegur under which Prosegur will distribute and install the INEO *Welcoming Systems* in retail locations in North America, Latin America, and Europe. There is no guarantee that Prosegur will be successful, or that it will result in the successful distribution and installation of the Company's *INEO Welcoming Systems* in retail locations in North America, Latin America, and Europe. A failure to achieve the terms set out in the Global Agreement could have an adverse effect on the ability of the Company to achieve its business objectives, expand its business operations, and may result in lower revenues.

#### *COVID-19 may materially and adversely affect the Company's business and financial results.*

The Company's business could be materially and adversely affected by the ongoing health epidemics in regions where the Company operates or sells its services. Such an outbreak could require the Company to temporarily pause manufacturing, resulting in delays in the delivery of its products. Additionally, the COVID-19 pandemic has caused extreme volatility in financial and other capital markets. This volatility may adversely impact the fair value of the Company's securities which may hamper its ability to raise additional capital to maintain operations.

### **AUDITORS, TRANSFER AGENT, REGISTRAR AND WARRANT AGENT**

The auditors of the Company are Davidson and Company LLP, Chartered Professional Accountants, Vancouver, British Columbia. The transfer agent and registrar for the Common Shares is Odyssey Trust Company with offices in

Vancouver, British Columbia. The warrant agent for the Warrants is Computershare Trust Company of Company with offices in Vancouver, British Columbia.

## **LEGAL MATTERS**

Certain legal matters in connection with this Offering will be passed upon by McMillan LLP, on behalf of the Company and by WeirFoulds LLP, on behalf of the Agents. As at the date hereof, the partners and associates of McMillan LLP, as a group, and the partners and associates of WeirFoulds LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

## **INTEREST OF EXPERTS**

### **Name of Experts**

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this Prospectus either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

- Davidson & Company LLP, the Company's independent auditors, prepared an independent audit reports dated October 25, 2022 and October 27, 2021 in respect of the Company's audited consolidated financial statements for the years ended June 30, 2022 and June 30, 2021, respectively.

### **Interests of Experts**

Davidson & Company LLP has confirmed that they are independent of the Company within the meaning of the "Rules of Professional Conduct" of the Chartered Professional Accountants of British Columbia.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some provinces, revisions of the price or damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the short form prospectus is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

## **ADDITIONAL INFORMATION**

Following the completion of the Offering, the Company will be required to file reports and other information with the securities commissions in certain provinces and territories of Canada. These filings will be electronically available from SEDAR at [www.sedar.com](http://www.sedar.com).

**CERTIFICATE OF THE COMPANY**

Dated: October 27, 2022

This preliminary short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Quebec.

*(Signed) Kyle Hall*  
Chief Executive Officer

*(Signed) Bernadette Ryle*  
Chief Financial Officer

On Behalf of the Board of Directors

*(Signed) Steve Matyas*  
Director

*(Signed) Serge Gattesco*  
Director

## **CERTIFICATE OF THE PROMOTERS**

Dated: October 27, 2022

This preliminary short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Quebec.

*(Signed) Greg Watkin*  
Promoter

**CERTIFICATE OF THE AGENTS**

Dated: October 27, 2022

To the best of our knowledge, information and belief, this preliminary short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Quebec.

**BEACON SECURITIES LIMITED**

*(Signed) Justin Gilman*  
Managing Director, Investment Banking

**ECHELON WEALTH PARTNERS INC.**

*(Signed) Beng Lai*  
Managing Director, Investment Banking

**PI FINANCIAL CORP.**

*(Signed) Vay Tham*  
Managing Director, Investment Banking

**HAYWOOD SECURITIES INC.**

*(Signed) Don Wong*  
Vice President, Investment Banking

**PARADIGM CAPITAL INC.**

*(Signed) Barry Richards*  
Managing Director, Investment Banking