

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta and Ontario and with the TSX Venture Exchange Inc. but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities in British Columbia, Alberta and Ontario.*

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

## PRELIMINARY PROSPECTUS

INITIAL PUBLIC OFFERING

August 30, 2022

### SCALING CAPITAL 1 CORP.

(A Capital Pool Company)

**\$450,000**

**4,500,000 Common Shares**

**PRICE: \$0.10 per Common Share**

The purpose of this offering (the "**Offering**") is to provide Scaling Capital 1 Corp. (the "**Corporation**") with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as defined below). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the "**Exchange**") and in the case of a Non-Arm's Length Qualifying Transaction (as defined below), must also receive Majority of the Minority Approval (as defined below), in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (the "**CPC Policy**"). The Corporation is a CPC (as defined below). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction (as defined below), the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "**Business of the Corporation**" and "**Use of Proceeds**".

	Number of Common Shares	Price to the Public	Agent's Commission <sup>(1)</sup>	Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering <sup>(3)</sup>	4,500,000	\$450,000	\$45,000	\$405,000

**Notes:**

- (1) Pursuant to the Agency Agreement (as defined below), the Agent (as defined below) will receive a commission equal to 10% of the gross proceeds of the Offering, being \$45,000 (the "**Agent's Commission**"). In addition, the Agent has received a corporate finance fee of \$15,000 (inclusive of G.S.T.) and will be reimbursed for its reasonable expenses incurred pursuant to the Offering, including legal fees. The Corporation will also grant to the Agent, or any sub-agents, the Agent's Option (as defined below). This prospectus qualifies the grant of the Agent's Options. See "**Plan of Distribution**".
- (2) Before deducting costs of the Offering estimated at \$102,690 plus applicable G.S.T. and disbursements (exclusive of the Agent's Commission), including: corporate finance fee of \$15,000 (inclusive of G.S.T.), legal fees of the Agent which are estimated at \$10,000 plus disbursements and G.S.T., legal and auditor's fees of the Corporation estimated at \$55,000 plus disbursements and G.S.T., Exchange listing fee of \$15,000 plus G.S.T. and filing fees of approximately \$7,690. See "**Use of Proceeds**". As of the date hereof, the Agent has received \$15,000 representing half of the corporate finance fee (inclusive of G.S.T.), as well as a \$7,500 expense deposit.
- (3) A total of 4,500,000 Common Shares (as defined below) are offered hereunder, not including the Agent's Option (as defined below) or the Incentive Stock Options (as defined below). This prospectus qualifies for distribution the Agent's Option (as defined below) and the Incentive Stock Options (as defined below). See "**Plan of Distribution**" and "**Incentive Stock Options**".

The Corporation has entered into an agreement (the "**Agency Agreement**") dated [●], 2022 with Canaccord Genuity Corp. (the "**Agent**") to act as agent for the Corporation for the sale of Common Shares (as defined below) under this prospectus on a commercially reasonable efforts basis. The Offering is of 4,500,000 common shares of the Corporation (each a "**Common Share**" and collectively, "**Common Shares**") for total gross proceeds to the Corporation of \$450,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be agreed to by the Agent and consented to by persons or companies who subscribed for Common Shares within that period, all subscription funds will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "**Plan of Distribution**".

Pursuant to the Agency Agreement, the Corporation will grant a non-transferable option to the Agent, or any sub-agent, to purchase an aggregate of 450,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 5 years from the Closing Date (the "**Agent's Option**"), which Agent's Option is qualified under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction (as defined below). The remaining 50% may be sold after the Completion of the Qualifying Transaction. In addition, the Corporation will grant incentive stock options (the "**Incentive Stock Options**") to the directors and officers of the Corporation to purchase, in aggregate, 1,700,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 10 years from the date of grant, which Incentive Stock Options are qualified under this prospectus. See "**Incentive Stock Options**".

#### **Market for Securities**

**There is currently no market through which the securities offered hereby may be sold and purchasers may not be able to resell securities 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".** As at the date of the prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Corporation has applied to list its Common Shares on the Exchange. Listing is subject to the Corporation fulfilling all of the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Option and the Incentive Stock Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this prospectus is issued by the applicable securities regulatory authority and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authority grants a discretionary order. See "**Plan of Distribution**".

#### **Risk Factors**

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

The Corporation has not commenced commercial operations and has no assets other than cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. Until Completion of the Qualifying Transaction (as defined herein), the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. See "**Corporate Structure**", "**Business of the Corporation**" and "**Use of Proceeds**".

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "**Directors, Officers and Promoters**".

The global pandemic caused by COVID-19 may result in additional expenses and delays to the Corporation, the impact of which is uncertain on the Corporation at this time. See "**Risk Factors**".

There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 36.76% or \$0.03676 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. See "**Dilution**".

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors. See "**Use of Proceeds**".

Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See "**Risk Factors**".

In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation.

Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Corporation will be able to recover the loan. See "**Risk Factors**".

**As a result of these factors, the Offering is suitable only to investors who are willing to rely solely on the directors and management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares. See "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds" and "Risk Factors".**

### **Maximum Investment**

Pursuant to the CPC Policy, 75% or 3,375,000, of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% of the total number of Common Shares offered under this prospectus, being 90,000 Common Shares; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with any Associates and Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, being 180,000 Common Shares.

The Common Shares are conditionally offered, subject to prior sale, if, as and when issued and delivered by the Corporation, and accepted in accordance with the conditions contained in the Agency Agreement referred to under "**Plan of Distribution**" and subject to approval of certain legal matters by DS Lawyers Canada LLP, on behalf of the Corporation and by DLA Piper (Canada) LLP, on behalf of the Agent.

### **Eligibility for Investment**

In the opinion of DS Lawyers Canada LLP, counsel to the Corporation, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder in effect on the date hereof, and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the Exchange) on the date of the closing of its IPO (the "**Closing**") and subject to the provisions of any particular plan, the Common Shares offered hereby will, on the date of Closing, be a "qualified investment" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan ("**DPSP**"), a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**") or a tax-free savings account ("**TFSA**").

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA (each a "**Registered Plan**"), the annuitant under the RRSP or RRIF, the subscriber of the RESP, or the holder of the TFSA or RDSP (as applicable) (each a "**Controlling Individual**") may be subject to a penalty tax if the Common Shares are a "prohibited investment" in respect of such Registered Plan. The Common Shares will not be a prohibited investment in respect of a Registered Plan provided that the Controlling Individual: (i) deals at arm's length with the Corporation for the purposes of the Tax Act, and (ii) does not have a "significant interest" in the Corporation (within the meaning of the Tax Act). In addition, a Common Share will generally not be a prohibited investment for a Registered Plan if the Common Share is an "excluded property" (as defined in the Tax Act) for such Registered Plan. Controlling Individuals should consult their own advisors regarding whether Common Shares would be a prohibited investment in their particular circumstances.

### **Receipt of Subscriptions**

Subscriptions will be received subject to rejection or allotment in whole or in part by the Corporation and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery on the Closing unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

**CANACCORD GENUITY CORP.**  
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## GLOSSARY

In this prospectus, the following terms have the meanings set forth below unless otherwise indicated.

**"Affiliate"** means a Company that is affiliated with another Company as described below:

A Company is an "Affiliate" of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

**"Agency Agreement"** means the agency agreement dated [●] between the Issuer and the Agent.

**"Agent"** means Canaccord Genuity Corp.

**"Agent's Commission"** has the meaning ascribed to it on the face page of this prospectus.

**"Agent's Options"** means non transferrable options granted to the Agent to purchase an aggregate of 450,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 5 years from the Closing Date.

**"Agreement in Principle"** means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm's Length Parties to the CPC or the Non-Arm's Length Parties to the Qualifying Transaction.

**"Associate"** when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer;
- (b) any partner of the Person;

- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity;
- (d) in the case of a Person who is an individual
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person;
 but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies of the TSX Venture Exchange Rule Book with respect to that Member firm, Member corporation or holding company.

"**Audit Committee**" means the audit committee of the Corporation.

"**Closing Date**" means the closing date of the Offering.

"**Common Shares**" means common shares in the capital of the Corporation.

"**Commissions**" means, collectively, the securities commissions of the provinces of British Columbia, Alberta and Ontario.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion of the Qualifying Transaction**" means the date of the Final QT Exchange Bulletin issued by the Exchange.

"**Concurrent Financing**" has the meaning ascribed to that phrase in section 9.5 of the CPC Policy.

"**Conditional Acceptance Documents**" has the meaning ascribed to that phrase in section 11.5 of the CPC Policy.

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding Voting Shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**CPC**" or "**Capital Pool Company**" means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

"**CPC Filing Statement**" means the Filing Statement of the CPC prepared in accordance with Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the CPC and the Significant Assets.

"**CPC Information Circular**" means the Information Circular of the CPC prepared in accordance with applicable Securities Laws and Form 3B1 – *Information Required in an Information Circular for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the CPC and the Significant Assets.

"**CPC Policy**" means Policy 2.4 – *Capital Pool Companies* of the Exchange's Corporate Finance Manual.

"**CSE**" means the Canadian Securities Exchange.

**"Disclosure Document"** means the CPC Filing Statement or the CPC Information Circular, as the case may be, or the prospectus if required by section 11.1(f) of the CPC Policy.

**"Escrow Agent"** or **"Odyssey Trust Company"** means Odyssey Trust Company.

**"Escrow Agreement"** means the Exchange Form 2F CPC escrow agreement dated [•], 2022 among the Corporation, the Escrow Agent and the initial shareholders of the Corporation.

**"Exchange"** means the TSX Venture Exchange Inc.

**"Final QT Exchange Bulletin"** means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

**"Geological Report"** has the meaning ascribed to it in Policy 1.1 of the Exchange's Corporate Finance Manual.

**"Incentive Stock Options"** mean options to be granted at the closing of the Offering to directors and officers of the Corporation to purchase 1,700,000 Common Shares in the event the Offering is completed, each at a price of \$0.10 per Common Share and expiring 10 years from the date of grant.

**"Initial Public Offering"** or **"IPO"** means a transaction that involves an issuer issuing securities from its treasury pursuant to its first prospectus.

**"Insider"** if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

**"Listed Share"** means a share or other security that is listed on the Exchange.

**"Majority of the Minority Approval"** means the approval by the majority of the votes cast at a meeting of shareholders of the CPC, or by the written consent of shareholders holding more than 50% of the common shares of the CPC, provided that the votes attached to the common shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm's Length Parties to the CPC;
- (b) Non-Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction.

**"Member"** means a person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

**"Member Agreement"** means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

**"NEX"** means the market on which former Exchange and TSX issuers that do not meet the minimum listing standards that must be maintained by Exchange issuers, may continue to trade.

**"Non-Arm's Length Party"** means:

- (a) in relation to a Company:
  - (i) a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons; or
  - (ii) another entity, or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the Company; and
- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

**"Non-Arm's Length Parties to the Qualifying Transaction"** means the Vendor, any Target Company and includes, in relation to Significant Assets or Target Company, the Non-Arm's Length Parties of the Vendor, the Non-Arm's Length Parties of any Target Company and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**"Non-Arm's Length Qualifying Transaction"** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

**"Option Plan"** means the stock option plan of the Corporation, as approved by the board of directors of the Corporation on April 14, 2022. See *"Incentive Stock Options"*.

**"Person"** means a Company or an individual.

**"Principal"** means:

- (a) a Person who acted as a promoter of the issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or Exchange Bulletin confirming final acceptance of a transaction (the **"Final Exchange Bulletin"**);
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions;
- (d) a 10% holder – a Person that
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A Company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer, they hold will be subject to escrow requirements.

**"Professional Person"** means a Person whose profession gives authority to a statement made by the Person in this prospectus, in the person's professional capacity and includes a barrister and solicitor, a public accountant, an appraiser, an auditor, an engineer and a geologist.

**"Qualifying Transaction"** means a transaction where the CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**"Qualifying Transaction Agreement"** means any agreement or other similar commitment respecting the Qualifying Transaction which identifies the fundamental terms upon which the parties agree or intend to agree, including:

- (a) the Significant Assets and/or Target Company;
- (b) the parties to the Qualifying Transaction;
- (c) the value of the Significant Assets and/or Target Company and the consideration to be paid or otherwise identifies the means by which the consideration will be determined; and
- (d) the conditions to any further formal agreements or completion of the Qualifying Transaction.

**"Resulting Issuer"** means the issuer that was formerly a CPC that exists upon issuance of the Final QT Exchange Bulletin.

**"SEDAR"** means the filing system referred to in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* or its successor legislation (or its successor system).

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

**"Sponsor"** has the meaning specified in Exchange *Policy 2.2 – Sponsorship and Sponsorship Requirements*.

**"Target Company"** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**"Vendors"** means one or all of the beneficial owners of the Significant Assets and/or Target Company.

**"Voting Shares"** means a security of an issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**"Warrant"** means Listed Share purchase warrants, being a right, which can be exercised to acquire Listed Shares upon payment of cash consideration.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

- Corporation:** Scaling Capital 1 Corp.
- Business of the Corporation:** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See "**Business of the Corporation**".
- Offering:** A total of 4,500,000 Common Shares are being offered under this prospectus at a price of \$0.10 per Common Share in the provinces of British Columbia, Alberta and Ontario. In addition, pursuant to the Agency Agreement, the Corporation will grant the Agent's Option to the Agent, or any sub agents, to purchase an aggregate of 450,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 5 years from the Closing Date, which Agent's Option is qualified under this prospectus. The Incentive Stock Options to be granted to the directors and officers of the Corporation to purchase, in aggregate, 1,700,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 10 years from the date of grant, are also qualified under this prospectus. See "**Use of Proceeds**", "**Plan of Distribution**" and "**Incentive Stock Options**".
- Use of Proceeds:** The net proceeds to the Corporation following the Offering and prior sales (after payment of the Agent's Commission and all other costs and expenses related to the Offering of \$151,690) are estimated to be \$923,310. The net proceeds of the Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. See "**Use of Proceeds**" for details of the restrictions and prohibitions on the Corporation's use of funds. Also see "**Business of the Corporation**", "**Criteria for Qualifying Transaction**" and "**Risk Factors**".
- Directors and Officers:** Alex Tapscott - President  
Shirin Kabani - Chief Financial Officer  
Kirstin McTaggart – Corporate Secretary and Director  
James Fox – Director  
John Wilson - Director
- Alex Tapscott can be considered to be a Promoter of the Corporation.
- See "**Directors, Officers and Promoters**".
- Escrowed Securities:** All of the currently issued and outstanding securities of the Corporation, being 12,500,000 Common Shares, and all of the Incentive Stock Options, being 1,700,000 Incentive Stock Options, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of 18 months from the date of the Final QT Exchange Bulletin. See "**Escrowed Securities**".
- Risk Factors:** **Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development.**
- The Corporation was only recently incorporated and has no active business or assets other than a minimum amount of cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the

directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there may be potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, investors acquiring Common Shares offered under this prospectus will suffer an immediate dilution of approximately 36.76% or \$0.03676 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and investors may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may, therefore, be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers or experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. The global pandemic caused by COVID-19 may result in additional expenses and delays to the Corporation, the impact of which is uncertain on the Corporation at this time. The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation. Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Corporation will be able to recover the loan. See **"Corporate Structure"**, **"Business of the Corporation"**, **"Directors, Officers and Promoters"**, **"Use of Proceeds"**, **"Dilution"**, **"Capitalization"**, **"Risk Factors"** and **"Conflicts of Interest"**.

## CORPORATE STRUCTURE

The Corporation was incorporated on November 1, 2021 by Certificate and Articles of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) under the name Scaling Capital 1 Corp. On April 22, 2022, the Articles of Incorporation were amended and restated to remove the private company restrictions set forth therein.

The head office and registered office of the Corporation is located at Suite 800, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1Z1.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

Other than payment of \$15,000 to the Agent (half of the corporate finance fee and the full retainer deposit), the listing fee to the Exchange of approximately \$5,000 and filing fees of approximately \$7,690 to the Commissions (in each case, exclusive of G.S.T.) payable upon filing of this prospectus, and legal fees in connection with the seed financing and this Offering, the Corporation has not incurred any additional expenses since the date of incorporation. However, certain of the proceeds of the Offering will be used to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditor, legal counsel and the Agent's legal counsel. See "Use of Proceeds".

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction will also be subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations. The Corporation is not currently targeting any specific industry sector with respect to a Qualifying Transaction.

Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Use of Proceeds", the funds raised pursuant to the Offering and any subsequent financing will be used only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

The Corporation has not yet entered into an Agreement in Principle.

### Method of Financing Participation or Acquisitions

The Corporation may use either cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of these, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### Criteria for Qualifying Transaction

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada as permitted by the CPC Policy.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Corporation has not established pre-determined criteria for such acquisitions or participations other than sound business fundamentals. Such fundamentals include but are not limited to: (a) the ratio of risk to reward; (b) the cost effectiveness of the participation or acquisition; (c) the length of the payout period; and (d) the rate of return.

## REGULATORY AND SHAREHOLDER APPROVAL

### Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction

Upon the Corporation reaching a Qualifying Transaction Agreement, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading of the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspension and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange a Disclosure Document that complies with Exchange requirements containing prospectus level disclosure of the Significant Assets and the Corporation, assuming Completion of the Qualifying Transaction. If the Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the Corporation must obtain Majority of the Minority Approval of the Qualifying Transaction. If the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Corporation is not required to obtain shareholder approval of the Qualifying Transaction provided that it files a CPC Filing Statement or a prospectus.

Once the Conditional Acceptance Documents have been accepted for filing by the Exchange, the Corporation will be cleared to file the final Disclosure Document on SEDAR and:

- (a) where shareholder approval of the Qualifying Transaction is not required, the Corporation will file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:
  - (i) the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the Corporation are halted from trading; or
  - (ii) the Completion of the Qualifying Transaction, if the securities of the Corporation are not halted from trading;
- (b) where shareholder approval is required and is to be obtained at a meeting of shareholders, the Corporation will file on SEDAR and mail to its shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents; and
- (c) where shareholder approval is required and is to be obtained by written consent, the Corporation will file on SEDAR the final Disclosure Document.

If required by the Exchange, the Corporation will retain a Sponsor, who must be a Member, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final QT Exchange Bulletin. The Exchange will generally not issue the Final QT Exchange Bulletin until the Exchange has received:

- (a) confirmation of shareholder approval of the Qualifying Transaction, if required;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final QT Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy.

### Initial listing Requirements

Upon completion of the Qualifying Transaction, the Resulting Issuer must satisfy the Exchange's initial listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

### Trading Halts, Suspension and Delisting

The Exchange will generally halt trading of the Common Shares from the date of the public announcement of a Qualifying Transaction Agreement until all initial filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to

sponsorship. In addition, Personal Information Forms or, if applicable, Declarations, for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable must also be completed before the trading halt will be lifted by the Exchange.

Even if all initial filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer, or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, the Completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Qualifying Transaction Agreement or if the Corporation fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind-up and shall make a *pro rata* distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner. See "**Shareholder Approval of a Non-Arm's Length Qualifying Transaction**" and "**Refusal of Qualifying Transaction**".

#### **Refusal of Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the Resulting Issuer will be a mutual fund, as defined in the securities legislation; or
- (c) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

### **USE OF PROCEEDS**

#### **Proceeds and Principal Purposes**

The gross proceeds to be received by the Corporation from the sale of all the Common Shares offered by this prospectus (not including Common Shares issued upon exercise of the Agent's Option or Incentive Stock Options) will be \$450,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this prospectus was \$625,000. Minimal expenses were accrued for issuance of the Common Shares prior to the date of this prospectus. From these aggregate gross proceeds of \$450,000, the expenses and costs of the Offering will be deducted, including legal, accounting, printing, regulatory fees and the Agent's Commission, estimated in the aggregate to be \$151,690.

The following table indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of the Offering:

Cash proceeds raised prior to the Offering <sup>(1)</sup>	\$625,000
Expenses and costs incurred by the Corporation relating to prior issuances of Common Shares, which costs will be paid out of the proceeds of the Offering.	Nil
Cash proceeds to be raised pursuant to the Offering <sup>(2)</sup>	\$450,000
Expenses and costs relating to the Offering (including listing fees,	(\$151,690)

Agent's Commission, legal fees and audit fees and expenses)<sup>(3)</sup>

<b>Estimated funds available (on completion of Offering)</b>	<u>\$923,310</u>
Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup>	<u>\$863,310</u>
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$60,000
<b>Total net proceeds</b>	<u>\$923,310</u>

**Notes:**

- (1) See "Prior Sales".
- (2) In the event the Agent exercises the Agent's Option in full, there will be available to the Corporation an additional \$45,000, which will be added to the working capital of the Corporation. In the event that all 1,700,000 Incentive Stock Options are exercised, there will be available to the Corporation an additional \$170,000, which will be added to the working capital of the Corporation. There is no assurance that all, or part of, the Agent's Option or Incentive Stock Options will be exercised.
- (3) The expenses and costs of the Offering are estimated in the aggregate to be \$151,190, which includes the Agent's Commission of \$45,000, corporate finance fee of \$15,000 inclusive of G.S.T., legal fees of the Agent which are estimated at \$10,000 plus disbursements and G.S.T., legal and auditor's fees of the Corporation estimated at \$55,000 plus disbursements and G.S.T., Exchange listing fee of \$15,000 plus G.S.T. and filing fees of approximately \$7,690.
- (4) In the event that the Corporation enters into a Qualifying Transaction Agreement prior to spending the entire \$863,310 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partly finance the acquisition of, or participation in, the Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from the Offering and the prior sale of Common Shares, after deducting the expenses associated with the Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

**Permitted Use of Proceeds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "**Private Placements for Cash**", "**Finder's Fees**" and "**Prohibited Payments to Non-Arm's Length Parties**", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction, including expenses such as:

- (a) reasonable expenses relating to the Corporation's IPO, including:
  - (i) fees for legal services and audit services relating to the preparation and filing of this prospectus;
  - (ii) Agent's fees, costs and commissions; and
  - (iii) printing costs, including printing of this prospectus and share certificates;
- (b) reasonable general and administrative expenses of the Corporation (not exceeding in aggregate \$3,000 per month), including:
  - (i) office supplies, office rent and related utilities;
  - (ii) equipment leases;
  - (iii) fees for legal services; and

- (iv) fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
  - (i) valuations or appraisals;
  - (ii) business plans;
  - (iii) feasibility studies and technical assessments;
  - (iv) sponsorship reports;
  - (v) Geological Reports;
  - (vi) financial statements;
  - (vii) fees for legal services; and
  - (viii) fees for accounting, assurance and audit services;
- (d) agents' and finders' fees, costs and commissions;
- (e) assurance and audit fees of the Corporation;
- (f) escrow agent and transfer agent fees of the Corporation; and
- (g) regulatory filing fees of the Corporation.

In addition, a maximum aggregate amount of \$25,000 may be advanced as a non-refundable deposit or unsecured loan to a Target Company or Vendor(s), as the case may be, without the prior acceptance of the Exchange. Any proposed deposit, advance or loan of funds from the Corporation to the Target Company or a Vendor(s) in excess of such \$25,000 maximum aggregate may only be made as a secured loan with the prior acceptance of the Exchange where all of the following conditions are satisfied:

- (a) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
- (b) the Qualifying Transaction has been announced in a comprehensive news release;
- (c) due diligence with respect to the Qualifying Transaction is well underway;
- (d) if applicable, a Sponsor has been engaged or the sponsorship requirement has been waived;
- (e) the loan has been announced in a new release at least 15 days prior to the date of any such loan; and
- (f) the total amount of all deposits, advances and loans from the Corporation does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Corporation to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the Corporation.

### **Finder's Fees**

Upon Completion of the Qualifying Transaction, the Corporation and Target Company may pay finder's fees in aggregate pursuant to Exchange Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*:

- (a) to a Person that is not a Non-Arm's Length Party to the Corporation; and
- (b) to a Non-Arm's Length Party to the Corporation, provided that:
  - (i) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;

- (ii) the Qualifying Transaction is not a transaction between the Corporation and an existing public company;
- (iii) the finder's fee is payable in the form of cash, Listed Shares and/or Warrants only;
- (iv) the amount of any Concurrent Financing is not included in the value of the measurable benefit used to calculate the finder's fee; and
- (v) approval of the finder's fee is obtained by ordinary resolution at a meeting of shareholders of the Corporation or by the written consent of shareholders of the Corporation holding more than 50% of the issued Listed Shares of the Corporation, provided that the votes attached to the Listed Shares of the Corporation held by the recipient of the finder's fee and its Associates and Affiliates are excluded from the calculation of any such approval or written consent.

### **Prohibited Payments to Non-Arm's Length Parties**

Except as described under "**Finder's Fee**", "**Incentive Stock Options**" and "**Permitted Use of Proceeds**", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, promotional or market-making services in respect of the Corporation or the securities of the Corporation or any Resulting Issuer, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees (except as permitted under the CPC Policy), loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made by the Corporation or any other Person after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may pay or reimburse a Non Arm's Length Party to the Corporation for reasonable general and administrative expenses of the Corporation (including office supplies, office rent and related utilities, equipment leases, fees for legal services and fees for accounting and advisory services) not exceeding in aggregate \$3,000 per month, and for fees for legal services relating to a proposed Qualifying Transaction, and the Corporation may also reimburse a Non-Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "**Permitted Use of Proceeds**".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

### **Private Placements for Cash**

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$10,000,000. Generally, the only securities issuable pursuant to such a private placement will be Common Shares and Agent's Options. Subject to certain limited exceptions, any Common Shares issued pursuant to a private placement to Non-Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

## **PLAN OF DISTRIBUTION**

### **Agent and Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation will appoint Canaccord Genuity Corp. as its agent to offer for sale to the public in British Columbia, Alberta and Ontario, on a commercially reasonable efforts basis, a total of

4,500,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds to the Corporation of \$450,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission equal to 10% of the gross proceeds of the Offering, being an amount equal to \$45,000. In addition, the Corporation will pay to the Agent a corporate finance fee of \$15,000 inclusive of G.S.T. and the Agent's reasonable expenses incurred pursuant to the Offering, including legal fees, estimated to be \$10,000 plus disbursements and G.S.T.

The Corporation has also agreed to grant to the Agent, or any sub-agents, the Agent's Option to purchase an aggregate of 450,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 2 years from the Closing Date. The Agent's Option is qualified under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **Offering and Distribution**

The Offering is subject to a subscription of 4,500,000 Common Shares for total gross proceeds to the Corporation of \$450,000. Under the CPC Policy, 75% or 3,375,000 of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% of the total number of Common Shares offered under this prospectus, being 90,000 Common Shares; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with any Associates and Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, being 180,000 Common Shares.

The funds received from the Offering will be deposited with the Agent and will not be released until \$450,000 has been deposited. The total subscription must be raised within 90 days of the date that a receipt for the prospectus is issued, or such other time as may be agreed to by the Agent and consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

### **Other Securities to be Distributed**

The Corporation also proposes to grant the Incentive Stock Options to purchase, in aggregate, 1,700,000 Common Shares to directors and officers of the Corporation in accordance with the policies of the Exchange, which Incentive Stock Options are qualified for distribution under this prospectus. See "**Incentive Stock Options**".

### **Determination of Price**

The price of the Common Shares offered pursuant to the Offering was determined by negotiation between the Corporation and the Agent and in accordance with the CPC Policy.

### **Listing Application**

The Corporation has applied to list its Common Shares on the Exchange. Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

### **Venture Issuers**

As at the date of the prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

## Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Agent's Option and Incentive Stock Options, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for this prospectus is issued by the applicable securities regulatory authority and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## DESCRIPTION OF SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred shares**"), issuable in series, of which, as of the date hereof, 12,500,000 Common Shares and no Preferred shares are issued and outstanding as fully-paid and non-assessable.

### Common Shares

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Corporation and are entitled to one vote in respect of each Common Share held at such meetings. In the event of liquidation, dissolution or winding-up of the Corporation, the holders of Common Shares are entitled to share ratably the remaining property or assets of the Corporation.

In addition, 450,000 Common Shares are reserved for issuance upon the exercise of the Agent's Option and 1,700,000 Common Shares are reserved for issuance upon the exercise of the Incentive Stock Options. See "**Plan of Distribution**" and "**Incentive Stock Options**".

### Preferred shares

The Issuer is authorized to issue an unlimited number of preferred shares, none of which are issued and outstanding as of the date hereof.

The Preferred shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the board of directors of the Corporation determines in accordance with the articles of the Corporation prior to the issue thereof.

## CAPITALIZATION

The following table sets forth the information respecting the capitalization of the Corporation as at June 30, 2022 and the date hereof before and after giving effect to the Offering.

<u>Capital</u>	<u>Authorized</u>	<u>Amount outstanding as of June 30, 2022 (date of balance sheet)<sup>(1)(2)(3)</sup></u>	<u>Amount outstanding as of date of preliminary prospectus<sup>(1)(2)</sup></u>	<u>Amount to be outstanding following the completion of the Offering<sup>(1)(2)(4)</sup></u>
Common Shares	Unlimited	\$625,000 (12,500,000 Common Shares)	\$625,000 (12,500,000 Common Shares)	\$1,075,000 (17,000,000 Common Shares)
Preferred Shares	Unlimited	Nil	Nil	Nil

### Notes:

- (1) The Corporation has reserved 450,000 Common Shares for issuance upon the exercise of the Agent's Option. See "**Plan of Distribution**".
- (2) The Corporation has reserved 1,700,000 Common Shares for issuance upon exercise of the Incentive Stock Options. See "**Incentive Stock Options**".
- (3) As of the date hereof the Corporation had not yet commenced commercial operations.
- (4) Before deducting the costs and expenses of the Offering and in connection with the previous issuance of Common Shares which in the aggregate are estimated to be \$151,190. Funds available upon completion of the Offering are expected to be \$923,810, which is net of the \$151,190 in estimated costs and expenses. See "**Use of Proceeds**".

## INCENTIVE STOCK OPTIONS

The Corporation has adopted a stock option plan (the "**Option Plan**") pursuant to Exchange policies which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, senior officers and technical consultants, non-transferable and non-assignable options to purchase Common Shares, exercisable for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance does not exceed ten percent (10%) of the then issued and outstanding Common Shares as at the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares as at the date of grant and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares as at the date of grant. Under Exchange policies, the Corporation is prohibited from granting Incentive Stock Options to any person providing promotional or market-making services or, while the Corporation remains a CPC, Investor Relations Activities.

The term of an Incentive Stock Option will expire on the later of (i) 12 months after the completion of the Qualifying Transaction by the Corporation; and (ii) ninety (90) days after the optionee's ceasing to be an eligible participant under the Option Plan, subject to any earlier expiry date of such Incentive Stock Option, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. Notwithstanding the foregoing, in the event of the death of an optionee, the Incentive Stock Options granted to such optionee shall be exercisable within one year following the death of the optionee or prior to the expiry date of such Incentive Stock Option, whichever is earlier, subject to the terms of the Option Plan.

All Incentive Stock Options and Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options are subject to escrow under the Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the Escrow Agreement. For further details of the escrow requirements and release provisions, see "**Escrow Securities**".

Subject to regulatory approval and pursuant to the Option Plan, Incentive Stock Options to purchase 1,700,000 Common Shares are to be granted on closing of the Offering to directors and officers and such options are qualified for distribution pursuant to this prospectus. The table below outlines the options to be granted to directors and officers of the Corporation as well as the Common Shares to be issued upon exercise of the Incentive Stock Options:

<u>Name and Position</u>	<u>Number of Common Shares Under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Alex Tapscott	850,000	\$0.10	Ten (10) years from date of grant
Shirin Kabani	212,500	\$0.10	Ten (10) years from date of grant
Kirstin McTaggart	212,500	\$0.10	Ten (10) years from date of grant
James Fox	212,500	\$0.10	Ten (10) years from date of grant
John Wilson	212,500	\$0.10	Ten (10) years from date of grant
<b>Total</b>	<b>1,700,000</b>		

The Incentive Stock Options to purchase, in aggregate, 1,700,000 Common Shares issued to directors and officers of the Corporation are qualified for distribution under this prospectus.

## PRIOR SALES

Since the date of incorporation of the Corporation, 12,500,000 Common Shares have been issued and are outstanding as follows:

<u>Date</u>	<u>Number of Shares</u>	<u>Issue Price per Share</u>	<u>Aggregate Issue Price</u>	<u>Consideration Received</u>
November 1, 2021	12,500,000 <sup>(1)</sup>	\$0.05	\$0.05	Cash

**Note:**

(1) All of the 12,500,000 Common Shares issued at a price of \$0.05 will be held in escrow. See "**Escrowed Securities**".

## ESCROWED SECURITIES

### Securities Escrowed Prior to the Completion of Qualifying Transaction

All of the 12,500,000 Common Shares issued prior to the Offering at a price below \$0.10 per Common Share and all Common Shares that may be acquired from treasury by Non-Arm's Length Parties of the Corporation either under the Offering or otherwise prior to the date of the Final QT Exchange Bulletin will be deposited with the Escrow Agent under the Escrow Agreement.

All Incentive Stock Options and all Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options are subject to escrow under the Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of Incentive Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the Escrow Agreement.

The following table sets out, as at the date hereof, the number of securities of the Corporation, which are currently held in escrow.

Name and Municipality of Residence of Shareholder	Number of Common Shares Held in Escrow	Number of Common Shares Held <sup>(1)</sup>	Percentage of Common Shares Prior to Completion of the Offering	Percentage of Common Shares Following Completion of the Offering <sup>(1)</sup>	Number of Incentive Stock Options Held in Escrow <sup>(2)</sup>
Alex Tapscott <i>Toronto, ON</i>	0	0	0%	0%	850,000
Northwest Passage Ventures Inc. <i>Toronto, ON</i>	1,500,000 <sup>(3)</sup>	1,500,000 <sup>(3)</sup>	12.00%	8.82%	0
Shirin Kabani <i>North York, ON</i>	500,000	500,000	4.00%	2.94%	212,500
Kirstin McTaggart <i>Mississauga, ON</i>	500,000	500,000	4.00%	2.94%	212,500
James Fox <i>Etobicoke, ON</i>	0	0	0%	0%	212,500
Aiden Holdings Ltd. <i>Etobicoke, ON</i>	5,000,000 <sup>(4)</sup>	5,000,000 <sup>(4)</sup>	40.00%	29.41%	0
John Wilson <i>Toronto, ON</i>	2,000,000	2,000,000	16.00%	11.76%	212,500
Ramesh Kashyap <i>Brampton, ON</i>	500,000	500,000	4.00%	2.94%	0
Warren Steinwall <i>Pickering, ON</i>	500,000	500,000	4.00%	2.94%	0
John McMahon <i>Toronto, ON</i>	2,000,000	2,000,000	16.00%	11.76%	0
<b>TOTAL</b>	<b>12,500,000</b>	<b>12,500,000</b>	<b>100.00%</b>	<b>73.51%</b>	<b>1,700,000</b>

**Notes:**

- (1) Assuming no Common Shares are purchased by these persons under the Offering.
- (2) The Incentive Stock Options will be deposited into escrow upon their issuance.
- (3) Northwest Passage Ventures Inc. is a private company wholly-owned and controlled by Mr. Tapscott.
- (4) Aiden Holdings Ltd. is a private company wholly-owned and controlled by Mr. Fox and his spouse.

Where the securities of the Corporation which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to

carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement:

- (b) all Incentive Stock Options granted prior to the date of the Final Exchange Bulletin and all Common Shares that were issued pursuant to the exercise of such Incentive Stock Options prior to the date of the Final Exchange Bulletin will be released from escrow on the date of the Final Exchange Bulletin, other than Incentive Stock Options that were granted prior to the Corporation's IPO with an exercise price that is less than the issue price of the Common Shares under this prospectus and any Common Shares that were issued pursuant to the exercise of such Incentive Stock Options which will be released from escrow in accordance with (b);
- (c) except for the Incentive Stock Options and Common Shares issued pursuant to the exercise of such Incentive Stock Options that are released from escrow on the date of the Final Exchange Bulletin as provided for in (a), all of the securities held in escrow will be released from escrow in accordance with the following schedule:

<u>Release Dates</u>	<u>Percentage to be Released</u>
Date of Final QT Exchange Bulletin	25%
Date 6 months following Final QT Exchange Bulletin	25%
Date 12 months following Final QT Exchange Bulletin	25%
Date 18 months following Final QT Exchange Bulletin	25%
<b>TOTAL</b>	<b>100%</b>

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to existing Principals of the Corporation and/or to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation, the Escrow Agent is irrevocably authorized to: (a) immediately cancel all of the escrowed Common Shares held by each Non-Arm's Length Party to the Corporation that were issued at a price below the Offering price under this prospectus and all Incentive Stock Options and Option Shares held by such persons; and (b) cancel all of the escrowed securities on a date that is 10 years from the date of such Exchange bulletin.

#### **Escrowed Securities on Qualifying Transaction**

Generally, in connection with the Qualifying Transaction, subject to certain exemptions, all securities of the Resulting Issuer held by Principals of the Resulting Issuer will be required to be escrowed in accordance with the policies of the Exchange.

#### **PRINCIPAL SHAREHOLDERS**

The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

<u>Name and Municipality of Residence</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage Owned Prior to Completion of Offering</u>	<u>Percentage to be Owned Following Completion of Offering<sup>(1)</sup></u>
John Wilson <i>Toronto, ON</i>	Direct	2,000,000	16.00%	11.76% <sup>(2)</sup>
Northwest Passage Ventures Inc. <sup>(3)</sup> <i>Toronto, ON</i>	Direct	1,500,000	12.00%	8.82% <sup>(4)</sup>

Aiden Holdings Ltd. <sup>(5)</sup> <i>Etobicoke, ON</i>	Direct	5,000,000	40.00%	29.41% <sup>(6)</sup>
John McMahon <i>Toronto, ON</i>	Direct	2,000,000	16.00%	11.76% <sup>(5)</sup>

**Notes:**

- (1) Following the completion of the Offering, the issued and outstanding share capital of the Corporation will be 17,000,000 Common Shares. Pursuant to the Agent's Option, 450,000 Common Shares are reserved for issuance. In addition, 1,700,000 Common Shares are reserved for issuance upon the exercise of the Incentive Stock Options. Following the completion of the Offering, the fully-diluted share capital of the Corporation will be 19,150,000 Common Shares.
- (2) The holdings of John Wilson, on a fully-diluted basis, will be 2,212,500 Common Shares (or approximately 11.55%), assuming that Mr. Wilson purchases no Common Shares under the Offering.
- (3) Northwest Passage Ventures Inc. is a private company wholly-owned and controlled by Alex Tapscott.
- (4) The holdings of Alex Tapscott, including those Common Shares held by Northwest Passage Ventures Inc., on a fully-diluted basis, will be 2,350,000 Common Shares (or approximately 12.27%), assuming that Mr. Tapscott purchases no Common Shares under the Offering.
- (5) Aiden Holdings Ltd. is a private company wholly-owned and controlled by James Fox and his spouse.
- (6) The holdings of James Fox, including those Common Shares held by Aiden Holdings Ltd., on a fully-diluted basis, will be 5,212,500 Common Shares (or approximately 27.22%), assuming that Mr. Fox purchases no Common Shares under the Offering.
- (7) The holdings of John McMahon, on a fully-diluted basis, will be 2,000,000 Common Shares (or approximately 10.44%), assuming that Mr. McMahon purchases no Common Shares under the Offering.

### DIRECTORS, OFFICERS AND PROMOTERS

The following table sets out, for each of the Corporation's directors and officers, the person's name, municipality of residence, positions with the Corporation, principal occupation and, if a director, the month and year in which the person became a director.

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation	Common Shares Held	Percentage of Common Shares held prior to Offering	Percentage of Common Shares held following the Offering <sup>(1)</sup>
Alex Tapscott <i>Toronto, ON</i>	President	Managing Director of the Ninepoint Digital Asset Group division of Ninepoint Partners LP (" <b>Ninepoint Partners</b> "), an alternative investment management firm, since November 2020.	1,500,000 <sup>(2)</sup>	12.00%	8.82%
Shirin Kabani <i>North York, ON</i>	Chief Financial Officer	Managing Director and Chief Financial Officer of Ninepoint Financial Group Inc. (" <b>Ninepoint</b> ") since February 2020. Prior thereto, Director Finance and Controller of Ninepoint from August 2017 until February 2020, and Senior Manager in Finance of Sprott Inc., a global asset manager, from January 2016 until July 2017.	500,000	4.00%	2.94%
Kirstin McTaggart <sup>(3)(4)</sup> <i>Mississauga, ON</i>	Corporate Secretary and Director	Chief Compliance Officer and Chief Administrative Officer of Ninepoint Partners since July 2017. Prior thereto, Chief Compliance Officer of Sprott since April 2003.	500,000	4.00%	2.94%
James Fox <sup>(3)(4)(5)</sup> <i>Etobicoke, ON</i>	Director	Managing Partner of Ninepoint Partners and Co-Chief Executive Officer of the general partner of Ninepoint Partners since August 2017. Prior thereto, President of Sprott Asset Management LP.	5,000,000 <sup>(6)</sup>	40.00%	29.41%

<u>Name and Municipality of Residence</u>	<u>Position(s) with the Corporation</u>	<u>Principal Occupation</u>	<u>Common Shares Held</u>	<u>Percentage of Common Shares held prior to Offering</u>	<u>Percentage of Common Shares held following the Offering<sup>(1)</sup></u>
John Wilson <sup>(3)(4)(5)</sup> Toronto, ON	Director	Senior Portfolio Manager and Managing Partner of Ninepoint Partners and Co-Chief Executive Officer of the general partner of Ninepoint Partners since August 2017. Prior thereto, Chief Executive Officer and Co-Chief Investment Officer of Sprott Asset Management.	2,000,000	16.00%	11.76%

**Notes:**

- (1) Assuming no Common Shares are purchased by these persons under the Offering.
- (2) These Common Shares are held by Northwest Passage Ventures Inc., a private company wholly-owned and controlled by Mr. Tapscott.
- (3) Became a director on November 1, 2021, the date of incorporation.
- (4) Member of the Audit Committee of the Corporation.
- (5) Independent Director.
- (6) These Common Shares are held by Aiden Holdings Ltd., a private company wholly-owned and controlled by Mr. Fox and his spouse.

Prior to the completion of the Offering, the directors and officers of the Corporation directly or indirectly collectively hold 9,500,000 Common Shares or approximately 76.00%% of the issued and outstanding Common Shares of the Corporation. Following the completion of the Offering, the directors and officers of the Corporation will collectively hold 9,500,000 Common Shares or approximately 55.88% of the issued and outstanding Common Shares of the Corporation (approximately 58.49% on a fully diluted basis including the exercise of the Incentive Stock Options and the Agent's Options), assuming the directors and officers purchase no Common Shares under the Offering. In addition, following completion of the Offering, the directors and officers will collectively hold 1,700,000 Incentive Stock Options.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

All of the directors currently have employment outside the Corporation. Each of the directors of the Corporation has agreed to devote as much of his time to the business and affairs of the Corporation as necessary to complete the Corporation's Qualifying Transaction. See "**Management of the Corporation**" below.

**Management of the Corporation**

Set forth below is a description of the background of the directors and officers of the Corporation, including a description of each individual's principal occupation(s) within the past five years. For further information, see "**Reporting Issuer Experience of the Directors and Officers of the Corporation**".

*Alex Tapscott, President and Promoter (Age 36)*

Mr. Tapscott is an entrepreneur, author and seasoned capital markets professional focused on the impact of Bitcoin, blockchain and other digital assets on business and financial markets. Mr. Tapscott is the co-author of the critically acclaimed non-fiction best-seller, *Blockchain Revolution*, which has been translated into more than 15 languages and has sold more than 500,000 copies worldwide. He is also the Editor and Co-author of *Financial Services Revolution* (January 2020).

Mr. Tapscott is sought after world-wide for his expertise by business and government audiences. He has delivered over 200 lectures and executive briefings at firms like Goldman Sachs (Talks at GS), Google, Allianz, IBM, Microsoft and Accenture. His TedX talk, "Blockchain is Eating Wall Street" has been viewed over 700,000 times. Mr. Tapscott has also written for *The New York Times*, *Harvard Business Review*, *The Globe and Mail*, *National Post* and many other publications.

In 2017, Mr. Tapscott co-founded the Blockchain Research Institute (BRI), a global think-tank investigating blockchain strategies, opportunities and use-cases. Previously, Mr. Tapscott was Director of institutional equity sales at Canaccord Genuity. Mr. Tapscott is a graduate of Amherst College (Cum Laude) and is a CFA Charterholder.

Mr. Tapscott will devote the time necessary to perform the work required in connection with serving as the President of the Corporation. Mr. Tapscott is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

*Shirin Kabani, Chief Financial Officer (Age 42)*

Shirin Kabani is the Managing Director and Chief Financial Officer for Ninepoint and its subsidiaries. Shirin has been instrumental in operationalizing the finance function at Ninepoint and has executed various strategic initiatives including an ERP implementation and finance transformation. Shirin is responsible for providing an effective financial governance framework for the company and leading the ongoing finance operations; including accounting, external reporting, treasury, planning and budgeting.

Prior to her leadership role with Ninepoint, she was with Sprott Inc. for two years in Corporate Finance where she led various financial processes. In addition to her financial services background, Shirin has spent over 11 years in finance at IBM where she gained broad expertise from managing diverse business processes and operations.

Shirin is a CPA and has an Honours Bachelor of Commerce Degree, with a Major in Accounting, from McMaster University's DeGroote School of Business.

*Kirstin McTaggart, Director and Corporate Secretary (Age 55)*

Kirstin McTaggart is a founding principal and Partner of Ninepoint Partners. Ms. McTaggart currently also serves as the Corporate Secretary of the general partner of Ninepoint Partners.

She has accumulated over 30 years of applicable experience in the financial and investment industry. Ms. McTaggart is responsible for the oversight of compliance, product launches, internal control policies, procedures and Human Resources. Prior to joining Ninepoint Partners, Ms. McTaggart was Chief Compliance Officer of Sprott Asset Management LP since April 2003 as well as the CCO and COO at Sprott Private Wealth LP. Kirstin was instrumental in the creation of Sprott Physical Trusts listed on NYSE ARCA and TSX.

Prior to joining Sprott Asset Management LP in 2003, Ms. McTaggart spent five years as a Senior Manager at Trimark Investment Management Inc., where her focus was the development of formal compliance and internal control policies and procedures.

Ms. McTaggart will devote the time necessary to perform the work required in connection with serving as the Corporate Secretary of the Corporation and with the direction of the Corporation and completion of a Qualifying Transaction. Ms. McTaggart is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

*James Fox, Director (Age 48)*

James Fox is a founding principal, Managing Partner and Senior Portfolio Manager of Ninepoint Partners, as well as a Co-Chief Executive Officer of the general partner of Ninepoint Partners. James oversees all business development, capital raising & marketing initiatives of the firm. Prior to Ninepoint Partners' formation, James served as the President of Sprott Asset Management LP as well as Managing Director of Sprott Private Wealth. In his role at Sprott Asset Management LP, James initiated the development of new products, formed a wholesale group to increase fund distribution and led marketing efforts to increase the company's brand awareness in Canada and abroad. Notably, James led the Firm's efforts to launch Sprott Physical Trusts on NYSE Arca and TSX that raised over \$4B in assets, and helped lead the successful take-over of the Central Gold Trust (\$1B in Assets) by Sprott Physical Gold Trust.

James has a BA in Finance and Economics from the University of Western Ontario and an MBA from the Rotman School of Management at the University of Toronto.

Mr. Fox will devote the time necessary to perform the work required in connection with the direction of the Corporation and completion of a Qualifying Transaction. Mr. Fox is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

*John Wilson, Director (Age 58)*

John Wilson is a founding principal and Managing Partner of Ninepoint Partners, as well as a Co-Chief Executive Officer of the general partner of Ninepoint Partners. John oversees all aspects of the firm's investment and research initiatives. Prior to Ninepoint Partners' formation, he was CEO, CO-CIO and Senior Portfolio Manager at Sprott Asset Management. Previous to such role, he was Chief Investment Officer at Cumberland Private Wealth Management; founder and CEO of DDX Capital Partners, an alternative investment management firm; was Managing Director at RBC Capital Markets, a Director at UBS Canada; and previously, held a variety of management roles with Nortel Networks.

John has a Bachelor of Science in Electrical Engineering from Queen's University, and an MBA from The Wharton School, University of Pennsylvania.

Mr. Wilson will devote the time necessary to perform the work required in connection with the direction of the Corporation and completion of a Qualifying Transaction. Mr. Wilson is not an employee nor an independent contractor of the Corporation and has not entered into any non-competition or non-disclosure agreement with the Corporation.

### **Reporting Issuer Experience of the Directors and Officers of Corporation**

The following table sets out the directors and officers of the Corporation that are, or have been within the last five years, directors and officers of other issuers that are or were reporting issuers in any Canadian jurisdiction:

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Name of Exchange or Market<sup>(1)</sup></u>	<u>Position</u>	<u>From</u>	<u>To</u>
Alex Tapscott	Ninepoint Bitcoin ETF (previously Bitcoin Trust)	TSX	Managing Director <sup>(2)</sup>	January 2021	Present
Shirin Kabani	Ninepoint Bitcoin ETF (previously Bitcoin Trust)	TSX	Chief Financial Officer <sup>(2)</sup>	January 2021	Present
Kirstin McTaggart	Ninepoint Bitcoin ETF (previously Bitcoin Trust)	TSX	Partner, Chief Compliance Officer, Chief Administrative Officer and Director <sup>(2)</sup>	January 2021	Present
James Fox	Ninepoint Bitcoin ETF (previously Bitcoin Trust)	TSX	Co-CEO and Managing Partner <sup>(2)</sup>	January 2021	Present
	Sprott Physical Gold Trust	TSX	President and Director <sup>(2)</sup>	February 2010	August 2017
	Sprott Physical Silver Trust	TSX	President and Director <sup>(2)</sup>	October 2010	August 2017
	Sprott Physical Platinum and Palladium Trust	TSX	President and Director <sup>(2)</sup>	December 2012	August 2017
	Ninepoint Energy Opportunities Trust (previously Sprott Energy Opportunities Trust)	TSX	Managing Partner, Co-Chief Executive Officer and Director	December 2016	November 2018
John Wilson	Ninepoint Bitcoin ETF (previously Bitcoin Trust)	TSX	Co-CEO and Managing Partner <sup>(2)</sup>	January 2021	Present
	Sprott Physical Gold Trust	TSX	CEO and Director <sup>(2)</sup>	January 2012	July 2017
	Sprott Physical Silver Trust	TSX	CEO and Director <sup>(2)</sup>	January 2012	July 2017
	Sprott Physical Platinum and Palladium Trust	TSX	CEO and Director <sup>(2)</sup>	December 2012	July 2017
	Ninepoint Energy Opportunities Trust (previously Sprott Energy Opportunities Trust)	TSX	Senior Portfolio Manager, Managing Partner, Co-Chief Executive Officer and Director	December 2016	July 2017

**Notes:**

- (1) "TSX" means the Toronto Stock Exchange
- (2) Position held with the manager and/or general partner of the reporting issuer.

## Cease Trade Orders

Other than as disclosed below, no director, officer, insider or promoter of the issuer or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, as at the date of this prospectus, or was within 10 years before the date of this prospectus, a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity:

- (a) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the director, officer, insider, promoter or shareholder was acting in the capacity as director, officer, insider or promoter; or
- (b) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the director, officer, Insider, promoter or shareholder ceased to be a director, officer, Insider or promoter and which resulted from an event that occurred while that person was acting in the capacity as director, officer, Insider or promoter.

## Penalties or Sanctions

No director, officer, insider or promoter of the Corporation, or a shareholder holding sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Alex Tapscott, in his role as a co-founder and the Chief Executive Officer of NextBlock Global ("**NextBlock**"), as well as NextBlock itself, entered into a settlement agreement with the Ontario Securities Commission (the "**OSC**") on April 9, 2019 that was subsequently ratified by the OSC on May 13, 2019. As part of the agreement, Mr. Tapscott and NextBlock each agreed to pay an administrative penalty in settlement of claims that offering materials provided to investors in 2017 in connection with a private placement of securities contained misleading statements. Mr. Tapscott's administrative penalty by the terms of the settlement agreement was CAD\$300,000. In connection with the settlement agreement, Mr. Tapscott also agreed, among other things, to perform community service and publish an open letter in a national newspaper regarding the consequences of his actions. In addition, Mr. Tapscott also agreed to pay a US\$25,000 penalty to settle administrative proceedings with the U.S. Securities and Exchange Commission arising based upon the same offering materials. Since entering into the settlement agreement, NextBlock has been wound-up and has ceased operations.

## Bankruptcies

No director, officer, insider or promoter of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons:

- (a) is, as at the date of the prospectus, or has been within the 10 years before the date of the prospectus, a director, officer, insider or promoter of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

## **Indebtedness of Directors and Officers**

None of the directors or officers of the Corporation or any of their respective Associates or Affiliates has been indebted to the Corporation since the date of the Corporation's incorporation.

## **Conflicts of Interest**

There may be potential conflicts of interest to which the directors, officers and Insiders of the Corporation may be subject in connection with the operations of the Corporation. The directors, officers and insiders may be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where a director, officer or Insider will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Alberta).

## **Audit Committee**

The following information of the Corporation is disclosed in accordance with National Instrument 52-110 *Audit Committees* ("**NI 52-110**" or the "**Instrument**"):

### *Item 1: Audit Committee Charter*

The complete text of the charter of the Corporation's audit committee (the "**Audit Committee**") is attached to this prospectus as Schedule "B".

### *Item 2: Composition of the Audit Committee*

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Corporation's board, reasonably interfere with the exercise of the member's independent judgment.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. The following sets out the members of the audit committee and their education and experience that is relevant to the performance of his responsibilities as an audit committee member.

The current members of the Audit Committee are Kirstin McTaggart, James Fox and John Wilson, all of whom are financially literate in accordance with NI 52-110, with James Fox and John Wilson acting as independent directors. See "**Directors, Officers, and Promoters**".

### *Item 3: Relevant Education and Experience of Audit Committee Members*

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

All current members of the Audit Committee have received relevant education in financial literacy and have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements).

Further, each member has the requisite education and experience that has provided the member with:

- (a) an understanding of the accounting principles used by the Corporation to prepare the Corporation's financial statements;
- (b) the ability to assess the general application of the above-noted principles in connection with estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and

complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and

- (d) an understanding of internal controls and procedures for financial reporting.

See "**Directors, Officers, and Promoters**".

*Item 4: Audit Committee Oversight*

At no time since incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board.

*Item 5: Reliance on Certain Exemptions*

Since incorporation, the Corporation has not relied on:

- (a) the exemption in section 2.4 (*De Minimus Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if a circumstance arises that affects the business or operations of the Corporation and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Corporation);
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) of 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if an Audit Committee member becomes a control person of the Corporation or of an affiliate of the Corporation for reasons outside the member's reasonable control);
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Corporation if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the board was required to fill the vacancy); and
- (e) an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Corporation is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Corporation is relying upon the exemption in section 6.1 of NI 52-110 providing that the Corporation is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

*Item 6: Pre-Approval Policies and Procedures*

The Audit Committee's charter provides that that Audit Committee must approve all non-audit services to be provided by the Corporation's external auditor to the Corporation or a subsidiary of the Corporation.

*Item 7: External Auditor Service Fees (By Category)*

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Corporation for professional services rendered to the Company since incorporation:

Since incorporation on November 1, 2021 to the date of this prospectus	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
	\$10,000	Nil	Nil	Nil

**Notes:**

- (1) The aggregate fees billed for audit services since incorporation.
- (2) The aggregate fees billed since incorporation of the Corporation for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

### EXECUTIVE COMPENSATION

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, other than:

- (a) grants of stock option as described in "**Incentive Stock Options**";
- (b) payment for and reimbursement of certain expenses as described in "**Use of Proceeds – Permitted Use of Funds**" and "**Use of Proceeds – Prohibited Payments to Non-Arm's Length Parties**"; and
- (c) finder's fees as described in "**Use of Proceeds – Finder's Fees**".

Further, no payment will be made by the Corporation, or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction. Following Completion of the Qualifying Transaction, the Corporation may pay compensation to its directors and officers.

### PROMOTERS

Alex Tapscott may be considered to be a promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Tapscott indirectly owns 1,500,000 Common Shares (12.00%) as of the date hereof, and will be granted 850,000 Incentive Stock Options at Closing. Mr. Tapscott is also the President of the Corporation.

See "**Directors, Officers and Promoters**", "**Prior Sales**", "**Principal Shareholders**", and "**Incentive Stock Options**".

### DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of at least 36.76% or \$0.03676 per Common Share on the basis of there being 17,000,000 Common Shares of the Corporation issued and outstanding following completion of this Offering (not including Common Shares issuable upon exercise of the Agent's Option or Incentive Stock Options). Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing of this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

### RISK FACTORS

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment.**

The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Corporation has not identified a potential asset or business for acquisition or participation and has not entered into an Agreement in Principle as defined in the CPC Policy. Until Completion of

the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares. See "**Business of the Corporation**".

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "**Directors, Officers and Promoters**".

The Corporation may incur additional expenses and delays due to the impact of the global pandemic caused by COVID-19 on the capital markets and general market conditions. Such expenses and delays may result in a material adverse impact in connection with the Corporation's ability to complete its Offering, and its ability to obtain additional necessary capital in the future. In particular, while the precise impact of the COVID-19 outbreak on the Corporation remains unknown, rapid spread of COVID-19 and its declaration as a global pandemic may have a negative impact on the Corporation's business in general.

Assuming completion of the Offering, investors acquiring Common Shares under this prospectus will suffer an immediate dilution of approximately 36.76% or \$0.03676 per Common Share, before the deduction of selling commissions and related expenses incurred by the Corporation. See "**Dilution**".

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors, which dilution may be significant, and which may also result in a change of control of the Corporation. Subject to prior Exchange approval, the Corporation may be permitted to loan or advance up to an aggregate of \$25,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan. See "**Business of the Corporation**" and "**Use of Proceeds**".

Completion of the Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other applicable law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no other entitlement to payment by the Corporation of fair value for the Common Shares.

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Corporation will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Trading of the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See "**Business of the Corporation**".

In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

**As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.**

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of DS Lawyers Canada LLP, counsel to the Corporation, based on the current provisions of the Tax Act and the regulations thereunder in effect on the date hereof, and any specific proposals to amend the Tax Act

publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the Exchange) on the date of Closing of its IPO and subject to the provisions of any particular plan, the Common Shares offered hereby will, on the date of Closing, be a "qualified investment" under the Tax Act for a trust governed by a RRSP, a RRIF, a DPSP, a RESP, a RDSP or a TFSA.

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA (each a "**Registered Plan**"), the annuitant under the RRSP or RRIF, the subscriber of the RESP, or the holder of the TFSA or RDSP (as applicable) (each a "**Controlling Individual**") may be subject to a penalty tax if the Common Shares are a "prohibited investment" in respect of such Registered. The Common Shares will not be a prohibited investment in respect of a Registered Plan provided that the Controlling Individual: (i) deals at arm's length with the Corporation for the purposes of the Tax Act, and (ii) does not have a "significant interest" in the Corporation (within the meaning of the Tax Act). In addition, a Common Share will generally not be a prohibited investment for a Registered Plan if the Common Share is an "excluded property" (as defined in the Tax Act) for such Registered Plan. Controlling Individuals should consult their own advisors regarding whether Common Shares would be a prohibited investment in their particular circumstances.

### **LEGAL PROCEEDINGS**

The Corporation is not party to any legal proceedings, nor to the best of its knowledge are there any legal proceedings threatened or pending.

### **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

The Corporation is not a "related issuer" or "connected issuer" of the Agent for the purposes of National Instrument 33-105 - Underwriting Conflicts. The Agent was not involved in the decision by the Corporation to distribute Common Shares pursuant to the Offering, nor was the Offering requested or suggested to the Corporation by the Agent. The Agent, through its corporate finance department was involved in the determination of the terms of the Offering in its capacity as agent for the sale of the Common Shares on a "commercially reasonable efforts" basis. The Agent does not, prior to completion of the Offering, own directly or indirectly, any securities of the Corporation and the only proceeds of the Offering to be received by it is the remuneration to be paid to it in connection with the sale of the Common Shares, which includes the Agent's commission, the corporate finance fee payable to it and the Agent's Option. See "**Plan of Distribution**".

### **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters relating to this Offering will be passed upon by DS Lawyers Canada LLP, on behalf of the Corporation, and by DLA Piper (Canada) LLP, on behalf of the Agent.

The partners and associates of DS Lawyers Canada LLP collectively do not own any of the Common Shares as at the date hereof. Additionally, the partners and associates of DS Lawyers Canada LLP may subscribe for Common Shares pursuant to the Offering.

The partners and associates of DLA Piper (Canada) LLP collectively do not own any of the Common Shares as at the date hereof. Additionally, the partners and associates of DLA Piper (Canada) LLP may subscribe for Common Shares pursuant to the Offering.

In addition, no "professional person" is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditor of the Corporation is Crowe MacKay LLP.

Odyssey Trust Company, 350 – 300 5th Avenue S.W., Calgary, AB, is the transfer agent and registrar for the Common Shares.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Certain directors and officers of the Corporation have acquired Common Shares of the Corporation in the seed capital phase of the Corporation. In addition, each of the directors and officers of the Corporation will be granted options to purchase Common Shares pursuant to the Corporation's option plan. See "**Incentive Stock Options**", "**Escrowed Securities**" and "**Principal Shareholders**".

Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Corporation.

## MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares since incorporation, other than contracts in the ordinary course of business, except:

1. the Escrow Agreement dated [●], 2022 among the Corporation, Odyssey Trust Company and certain shareholders of the Corporation. See "**Escrowed Securities**"; and
2. the Agency Agreement dated [●], 2022 between the Corporation and the Agent. See "**Plan of Distribution**".

Copies of these agreements will be available for inspection at the offices of the Corporation, at any time during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter. Copies of these agreements will also be available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the Common Shares being distributed that are not otherwise disclosed in this prospectus or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

## PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the provinces of British Columbia, Alberta and Ontario 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. The securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages, if this 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.

**SCHEDULE "A"**  
**FINANCIAL STATEMENTS**  
*(Attached)*

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# **Scaling Capital 1 Corp.**

**(A Capital Pool Company)**

## **Interim Condensed Financial Statements**

For the period from January 1, 2022 to June 30, 2022

**(Stated in Canadian Dollars) (unaudited)**

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**Scaling Capital 1 Corp.**  
**Interim Condensed Statements of Financial Position**  
*As at*  
*(in Canadian Dollars) (unaudited)*

	June 30, 2022		December 31, 2021
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 625,000	\$	625,000
Deferred share issue costs	22,273		-
<b>Total Assets</b>	<b>\$ 647,273</b>	<b>\$</b>	<b>625,000</b>
<b>Liabilities</b>			
<b>Current</b>			
Accrued expenses	\$ 42,885	\$	15,612
<b>Total Liabilities</b>	<b>\$ 42,885</b>	<b>\$</b>	<b>15,612</b>
<b>Shareholders' Equity</b>			
Share capital (note 5)	\$ 625,000	\$	625,000
Retained earnings (deficit)	(20,612)		(15,612)
<b>Total Shareholders' Equity</b>	<b>\$ 604,388</b>	<b>\$</b>	<b>609,388</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 647,273</b>	<b>\$</b>	<b>625,000</b>

Nature of operations and going concern (note 1)  
Subsequent event (note 9)

Approved on behalf of the Board of Directors of Scaling Capital 1 Corp.

(signed) "James Fox"  
\_\_\_\_\_  
**Director**

(signed) "John Wilson"  
\_\_\_\_\_  
**Director**

*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Interim Condensed Statement of Loss and Comprehensive Loss**  
*For the period from January 1, 2022 to June 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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<b>Expenses</b>		
Professional fees	\$	(5,000)
<hr/>		
<b>Total Expenses</b>		<b>(5,000)</b>
<hr/>		
Net loss and comprehensive loss	\$	<b>(5,000)</b>

*The accompanying notes are an integral part of these financial statements*

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**Scaling Capital 1 Corp.**  
**Interim Condensed Statement of Changes in Shareholders' Equity**

*For the period from January 1, 2022 to June 30, 2022  
(in Canadian Dollars) (unaudited)*

	Number of shares	Share capital (\$)	Deficit	Total (\$)
Issuance of common shares on incorporation (note 5)	12,500,000	\$ 625,000	\$ -	\$ 609,388
Net loss and comprehensive loss	-	-	(15,612)	(15,612)
Balance as at December 31, 2021	<b>12,500,000</b>	<b>\$ 625,000</b>	<b>\$ (15,612)</b>	<b>\$ 609,388</b>
Net loss and comprehensive loss	-	-	(5,000)	(5,000)
Balance at June 30, 2022	<b>12,500,000</b>	<b>\$ 625,000</b>	<b>\$ (20,612)</b>	<b>\$ 604,388</b>

*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Interim Condensed Statement of Cash Flows**  
*For the period from January 1, 2022 to June 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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**Operating activities**

Net loss for the period	\$	(5,000)
Changes in non-cash working capital:		
Net increase in deferred share issuance costs		(22,273)
Net increase in accrued liabilities for the period		27,273

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**Cash provided by (used in) operating activities** \$ -

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**Financing activities**

Issuance of Common shares net of issuance costs (note 5)		-
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**Cash provided by financing activities** \$ -

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Net change in cash \$ -

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Cash, beginning of period 625,000

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Cash, end of period \$ 625,000

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*The accompanying notes are an integral part of these financial statements*

# Scaling Capital 1 Corp.

## Notes to Interim Condensed Financial Statements

For the period from January 1, 2022 to June 30, 2022  
(in Canadian Dollars) (unaudited)

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### 1. Nature of Organization

Scaling Capital 1 Corp. (the "Corporation") is a capital pool company incorporated under the *Business Corporations Act* (Alberta) on November 1, 2021. The Corporation's investment objective is to acquire a high-growth business in the blockchain/crypto industry.

Ninepoint Partners LP (Ninepoint) will act as the manager and promoter of the Corporation and will provide all management services required by the Corporation. There is significant value being created in the blockchain market and Ninepoint believes that with its expertise in digital assets, good standing in the capital markets, and global reach it can identify a quality company and structure a favorable transaction.

The Corporation's head office is located at 800-333 7 Ave SW, Calgary, Alberta, T2P 2Z1.

The global outbreak of COVID-19 (coronavirus) and the war in Ukraine have had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The pandemic and war in Ukraine could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak and the war in Ukraine may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, the duration of the war and corresponding duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries.

#### Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that cast significant doubt on the validity of this assumption. As at June 30, 2022, the Company has not completed their initial public offering which is required to become a Capital Pool Company. The Company incurred a net loss of \$5,000 for the period ended June 30, 2022, and as of that date, the Company's deficit was \$20,612. The Company's ability to continue as a going concern is dependent upon its ability to fund its future operations, complete its initial public offering, and complete a qualifying transaction in accordance with TSX Exchange Policy 2.4

These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

### 2. Basis of Presentation

#### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Board of Directors approved the issuance of these financial statements on August 15, 2022.

# Scaling Capital 1 Corp.

## Notes to Interim Condensed Financial Statements

For the period from January 1, 2022 to June 30, 2022  
(in Canadian Dollars) (unaudited)

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### Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

### Use of Estimates and Significant Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments are made by management to determine the likelihood of whether deferred tax assets will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an adjustment in the deferred tax assets as well as an income impact in the period in which the change occurs.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

## **3. Significant Accounting Policies**

### Cash and cash equivalents

Cash is comprised of amounts held in trust with DS Burstall LLP. There are no cash equivalents as at June 30, 2022.

### Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# Scaling Capital 1 Corp.

## Notes to Interim Condensed Financial Statements

For the period from January 1, 2022 to June 30, 2022  
(in Canadian Dollars) (unaudited)

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### Financial Instruments

#### *Recognition*

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

#### *Classification*

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as an asset at amortized cost.

Accrued expenses are classified as a liability at amortized cost.

#### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

**Scaling Capital 1 Corp.**  
**Notes to Interim Condensed Financial Statements**

*For the period from January 1, 2022 to June 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates used in the financial statements. The Corporation does not have any significant estimates as of June 30, 2022.

**4. Future Accounting Pronouncements**

Future accounting standards, amendments and interpretations:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023 and are not expected to have a material impact on the Company.

**5. Share Capital**

*a) Authorized and Issued*

The Corporation is authorized to issue an unlimited number of Common Shares (as defined herein).

	<b>Number</b>	<b>Amount (\$)</b>
Issued and outstanding Common shares		
Issuance of Common shares – November 1, 2021	<b>12,500,000</b>	<b>625,000</b>
<hr/>		
Balance, June 30, 2022	<b>12,500,000</b>	<b>625,000</b>

**6. Income taxes**

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses amounting to \$20,612 may be carried forward and expire in 2041 and 2042.

A deferred tax asset has not been recognized as the Company does not consider it probable that it will be recovered.

**7. Financial instruments**

The Company's financial instruments consist of cash and accounts payable.

Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets (note 1) and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk

Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Company is not susceptible to significant credit risk as cash is held at a major financial institution.

**Scaling Capital 1 Corp.**  
**Notes to Interim Condensed Financial Statements**

*For the period from January 1, 2022 to June 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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Liquidity risk

The Company's exposure to liquidity risk is dependent on purchasing commitments and obligations and ability to raise funds to meet commitments and sustain operations. As at June 30, 2022, the Company has cash of \$625,000 to settle financial liabilities of \$42,885.

**8. Capital Management**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Company includes shareholders' equity of \$604,388 in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Company's plan is to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Company when required.

The Company is not subject to externally imposed capital requirements.

**9. Subsequent Event**

The Corporation intends to file a long form prospectus (the "Prospectus") for the purposes of completing a Canadian initial public offering (the "Offering") to raise gross proceeds of \$450,000 on the TSX Venture Exchange by issuing 4,500,000 common shares at a purchase price of \$0.10 per share. The proceeds of the Offering will be used by the Corporation, as a capital pool company, to fund its search for a Qualifying Transaction and in accordance with Exchange Policy 2.4.

The Corporation has agreed to pay the Agents (Canaccord Genuity) a commission equal to ten percent (10.0%) of the gross proceeds of the Offering, payable in cash, plus ten percent (10.0%) Agent's warrants, each whole warrant exercisable into one common share for a period of 5 years from closing of the Offering at a price of \$0.10. The Agent will also be paid a Corporate Finance Fee of \$15,000 and be reimbursed for all legal fees and other reasonable expenses regardless of whether the Offering is completed.

The Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") for the benefit of directors and officers, and where permitted pursuant to Exchange policies, employees, and consultants of the Company. A maximum of ten percent (10%) of the issued and outstanding common shares of the Company upon completion of the initial public offering may be reserved for issuance pursuant to the exercise of stock options to be granted to directors and officers, and where permitted pursuant to Exchange policies employees and consultants, of the Company. In addition, subject to the policies of the Exchange, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants and employees conducting investor relations activities shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors, subject to the price restrictions and other requirements imposed by TSX Venture.

Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

The Corporation also proposes to grant options to purchase an aggregate of 1,700,000 common shares once the Offering is completed, at a price of \$0.10 per common share for a period of 10 years from the date of the grant.

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Financial Statements

# **Scaling Capital 1 Corp.**

**(A Capital Pool Company)**

## **Financial Statements**

For the period from date of incorporation on November 1, 2021 to December 31, 2021

**(Stated in Canadian Dollars)**

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**Crowe MacKay LLP**

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## **Independent Auditors' Report**

To the Shareholders of Scaling Capital 1 Corp.

### **Opinion**

We have audited the financial statements of Scaling Capital 1 Corp. ("the Company"), which comprise the statement of financial position as at December 31, 2021 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Garry Cook.

**"Crowe MacKay LLP"**

**Calgary, Canada  
April 14, 2022**

**Chartered Professional Accountants**

**Scaling Capital 1 Corp.**  
**Statement of Financial Position**

*As at December 31, 2021*  
*(in Canadian Dollars)*

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<b>Assets</b>		
<b>Current</b>		
Cash	\$	625,000
<hr/>		
<b>Total Assets</b>	<b>\$</b>	<b>625,000</b>
<hr/>		
<b>Liabilities</b>		
<b>Current</b>		
Accrued expenses	\$	15,612
<hr/>		
<b>Total Liabilities</b>	<b>\$</b>	<b>15,612</b>
<hr/>		
<b>Shareholders' Equity</b>		
Share capital ( <i>note 5</i> )	\$	625,000
Retained earnings (deficit)		(15,612)
<hr/>		
<b>Total Shareholders' Equity</b>	<b>\$</b>	<b>609,388</b>
<hr/>		
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$</b>	<b>625,000</b>

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Nature of operations and going concern (*note 1*)  
Subsequent event (*note 9*)

Approved on behalf of the Board of Directors of Scaling Capital 1 Corp.

(signed) "*James Fox*"  
\_\_\_\_\_  
Director

(signed) "*John Wilson*"  
\_\_\_\_\_  
Director

*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Statement of Loss and Comprehensive Loss**

*For the period from November 1, 2021 (date of incorporation) to December 31, 2021*  
*(in Canadian Dollars)*

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**Expenses**

Professional fees	\$	15,612
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**Total Expenses**

**15,612**

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Net loss and comprehensive loss

\$ **(15,612)**

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*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Statement of Changes in Shareholders' Equity**

*For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)*

---

	Number of shares	Share capital (\$)	Deficit	Total (\$)
Issuance of Common shares on incorporation (note 5)	12,500,000	\$ 625,000	\$ -	\$ 625,000
Net loss and comprehensive loss	-	-	(15,612)	(15,612)
<b>Balance at December 31, 2021</b>	12,500,000	\$ 625,000	\$ (15,612)	\$ (609,388)

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*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Statement of Cash Flows**

*For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)*

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<b>Operating activities</b>		
Net loss for the period	\$	15,612
Changes in non-cash working capital:		
Net increase in accrued liabilities for the period		15,612
<b>Cash provided by (used in) operating activities</b>		<b>-</b>
<hr/>		
<b>Financing activities</b>		
Issuance of Common shares net of issuance costs (note 3)		625,000
<b>Cash provided by financing activities</b>		<b>625,000</b>
<hr/>		
Net change in cash		625,000
<hr/>		
Cash, beginning of period		-
<hr/>		
Cash, end of period	\$	625,000

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*The accompanying notes are an integral part of these financial statements*

# Scaling Capital 1 Corp.

## Notes to Financial Statements

For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)

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### 1. Nature of Organization

Scaling Capital 1 Corp. (the "Corporation") is a capital pool company incorporated under the *Business Corporations Act* (Alberta) on November 1, 2021. The Corporation's investment objective is to acquire a high-growth business in the blockchain/crypto industry.

Ninepoint Partners LP (Ninepoint) will act as the manager and promoter of the Corporation and will provide all management services required by the Corporation. There is significant value being created in the blockchain market and Ninepoint believes that with its expertise in digital assets, good standing in the capital markets, and global reach it can identify a quality company and structure a favorable transaction.

The Corporation's head office is located at 800-333 7Ave SW, Calgary, Alberta, T2P 2Z1.

The global outbreak of COVID-19 (coronavirus) and the war in Ukraine have had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The pandemic and war in Ukraine could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak and the war in Ukraine may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, the duration of the war and corresponding duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries.

#### Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that cast significant doubt on the validity of this assumption. As at December 31, 2021, the Company has not completed their initial public offering which is required to become a Capital Pool Company. The Company incurred a net loss of \$15,612 for the period ended December 31, 2021, and as of that date, the Company's deficit was \$15,612. The Company's ability to continue as a going concern is dependent upon its ability to fund its future operations, complete its initial public offering, and complete a qualifying transaction in accordance with TSX Exchange Policy 2.4

These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

### 2. Basis of Presentation

#### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Board of Directors approved the issuance of these financial statements on April 14, 2022.

# Scaling Capital 1 Corp.

## Notes to Financial Statements

For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)

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### Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

### Use of Estimates and Significant Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments are made by management to determine the likelihood of whether deferred tax assets will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an adjustment in the deferred tax assets as well as an income impact in the period in which the change occurs.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

## 3. Significant Accounting Policies

### Cash and cash equivalents

Cash is comprised of amounts held in trust with DS Burstall LLP. There are no cash equivalents as at December 31, 2021.

### Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

# Scaling Capital 1 Corp.

## Notes to Financial Statements

For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)

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A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### Financial Instruments

#### *Recognition*

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

#### *Classification*

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as an asset at amortized cost.

Accrued expenses are classified as a liability at amortized cost.

#### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

**Scaling Capital 1 Corp.**  
**Notes to Financial Statements**

*For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)*

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Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates used in the financial statements. The Corporation does not have any significant estimates as of December 31, 2021.

**4. Future Accounting Pronouncements**

Future accounting standards, amendments and interpretations:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022 and are not expected to have a material impact on the Company.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023 and are not expected to have a material impact on the Company.

**5. Share Capital**

*a) Authorized and Issued*

The Corporation is authorized to issue an unlimited number of Common Shares (as defined herein).

Issued and outstanding Common shares	<b>Number</b>	<b>Amount (\$)</b>
Issuance of Common shares – November 1, 2021	<b>12,500,000</b>	<b>625,000</b>
Balance, December 31, 2021	<b>12,500,000</b>	<b>625,000</b>

*b) Share Issuance Detail*

On November 1, 2021, the Corporation issued 12,500,000 Common Shares to numerous individuals in exchange for proceeds of \$625,000.

**Scaling Capital 1 Corp.**  
**Notes to Financial Statements**

*For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)*

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**6. Income taxes**

The income tax provision reported differs from the amount computed by applying the combined Canadian federal and provincial rate to income before income taxes. The reasons for the difference and the related tax effects are as follows:

Loss before income tax	\$	(15,612)
Expected Rate		23.00%
Expected tax recovery		(3,591)
Tax effected adjustments:		-
Unused tax losses not recognized		3,591
<hr/>		
Income tax expense	\$	-
<hr/>		

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses amounting to \$15,612 may be carried forward and expire in 2041.

A deferred tax asset has not been recognized as the Company does not consider it probable that it will be recovered.

**7. Financial instruments**

The Company's financial instruments consist of cash and accounts payable.

Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets (note 1) and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk

Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Company is not susceptible to significant credit risk as cash is held at a major financial institution.

Liquidity risk

The Company's exposure to liquidity risk is dependent on purchasing commitments and obligations and ability to raise funds to meet commitments and sustain operations. As at December 31, 2021, the Company has cash of \$625,000 to settle financial liabilities of \$15,612.

**Scaling Capital 1 Corp.**  
**Notes to Financial Statements**

*For the period from November 1, 2021 (date of incorporation) to December 31, 2021  
(in Canadian Dollars)*

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**8. Capital Management**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Company includes shareholders' equity of \$609,388 in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Company's plan is to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Company when required.

The Company is not subject to externally imposed capital requirements.

**9. Subsequent Event**

The Corporation intends to file a long form prospectus (the "Prospectus") for the purposes of completing a Canadian initial public offering (the "Offering") to raise gross proceeds of \$450,000 on the TSX Venture Exchange by issuing 4,500,000 common shares at a purchase price of \$0.10 per share. The proceeds of the Offering will be used by the Corporation, as a capital pool company, to fund its search for a Qualifying Transaction and in accordance with Exchange Policy 2.4.

The Corporation has agreed to pay the Agents (Canaccord Genuity) a commission equal to ten percent (10.0%) of the gross proceeds of the Offering, payable in cash, plus ten percent (10.0%) Agent's warrants, each whole warrant exercisable into one common share for a period of 5 years from closing of the Offering at a price of \$0.10. The Agent will also be paid a Corporate Finance Fee of \$15,000 and be reimbursed for all legal fees and other reasonable expenses regardless of whether the Offering is completed.

## **SCHEDULE "B"**

### **AUDIT COMMITTEE CHARTER**

#### **SCALING CAPITAL 1 CORP. (the "Corporation")**

### **AUDIT COMMITTEE CHARTER**

#### **OVERALL ROLE AND RESPONSIBILITY**

The Audit Committee shall:

- 1.1 Assist the board of directors of the Corporation (the "Board of Directors") in its oversight role with respect to:
  - (a) the quality and integrity of financial information;
  - (b) the independent auditor's performance, qualifications and independence;
  - (c) the performance of the Corporation's internal audit function, if applicable;
  - (d) the Corporation's compliance with legal and regulatory requirements; and
- 1.2 Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

#### **MEMBERSHIP AND MEETINGS**

The Audit Committee shall consist of three (3) or more Directors appointed by the Board of Directors, the majority of whom shall not be officers or employees of the Corporation or any of the Corporation's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board of Directors shall designate one (1) member of the Audit Committee as the Audit Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

#### **STRUCTURE AND OPERATIONS**

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board of Directors.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

## **SPECIFIC DUTIES**

### **Oversight of the Independent Auditor**

- Make recommendations to the Board of Directors for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

### **Financial Reporting**

- Review and discuss with management and the independent auditor:
  - prior to the annual audit the scope, planning and staffing of the annual audit;
  - the annual audited financial statements;
  - the Corporation's annual and quarterly disclosures made in management's discussion and analysis;
  - approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation;
  - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards;
  - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
  - any significant changes in the Corporation's selection or application of accounting principles;
  - any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
  - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

## **AUDIT COMMITTEE'S ROLE**

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

## **FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS**

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

## **APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS**

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

**CERTIFICATE OF THE CORPORATION**

Dated: August 30, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

\_\_\_\_\_  
*(s) "Alex Tapscott"*

Alex Tapscott  
President

\_\_\_\_\_  
*(s) "Shirin Kabani"*

Shirin Kabani  
Chief Financial Officer

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*(s) "Kirstin McTaggart"*

Kirstin McTaggart  
Director

\_\_\_\_\_  
*(s) "James Fox"*

James Fox  
Director

## CERTIFICATE OF THE PROMOTER

Dated: August 30, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

*(s) "Alex Tapscott"*

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Alex Tapscott  
Promoter

**CERTIFICATE OF THE AGENT**

Dated: August 30, 2022

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

**CANACCORD GENUITY CORP.**

*(s) "Jeff German"*

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By: Jeff German  
Managing Director