

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of British Columbia and Alberta and with the TSX Venture Exchange Inc. (the “Exchange”) 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 each of British Columbia and Alberta and with the Exchange.

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

January 28, 2019

HANSTONE CAPITAL CORP.
(a Capital Pool Company)

\$300,000

3,000,000 Common Shares

PRICE: \$0.10 per Common Share

The purpose of this offering (the “**Offering**”) is to provide Hanstone Capital Corp. (the “**Company**”) with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as herein defined). 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 herein defined), must also receive Majority of the Minority Approval (as herein defined) in accordance with Exchange Policy 2.4 (the “**CPC Policy**”). The Company is a Capital Pool Company (a “**CPC**”). 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 herein defined), the Company 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.

The Offering is made on a commercially reasonable efforts basis by Leede Jones Gable Inc. (the “**Agent**”) and is subject to a minimum subscription of 3,000,000 common shares of the Company (each a “**Common Share**” and collectively, “**Common Shares**”) for total gross proceeds to the Company of \$300,000. See “Plan of Distribution”.

	Price to the Public	Agent’s Commission⁽¹⁾	Proceeds to the Company⁽²⁾
Per Common Share ⁽³⁾	\$0.10	\$0.01	\$0.09
Total Offering ⁽⁴⁾	\$300,000	\$30,000	\$270,000

⁽¹⁾ The Agent has agreed to act as agent in connection with the Offering and will receive a commission equal to 10% of the gross proceeds of the Offering (the “**Agent’s Commission**”). In addition, the Agent will receive a corporate finance fee of \$10,000 plus applicable taxes. The Agent will be reimbursed for its reasonable expenses incurred pursuant to the Offering, including legal fees. A deposit of \$6,000 was paid by the Company to the Agent as a retainer against the Agent’s expenses. As additional compensation, the Company will also grant to the Agent non-transferable options (the “**Agent’s Options**”) to acquire Common Shares in an amount equal to 10% of the number of Common Shares sold under the Offering at an exercise price of \$0.10 per Common Share for a period of 24 months from the Listing Date (as herein defined). This prospectus qualifies the grant of the Agent’s Options. See “Plan of Distribution”.

⁽²⁾ Before deducting costs of the Offering, estimated at \$90,000. See “Use of Proceeds”.

⁽³⁾ The price per Common Share has been determined by arm’s length negotiation between the Company and the Agent.

⁽⁴⁾ A total of 3,000,000 Common Shares are offered hereunder, not including the Common Shares issuable upon exercise of the Agent’s Option or Incentive Stock Options. See “Plan of Distribution” and “Incentive Stock Options”.

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”. The Company has applied to list its Common Shares on the Exchange. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange.

As at the date of this prospectus, the Company 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, 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.

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Agent's Options, and Incentive Stock Options (which are qualified for distribution under this prospectus), trading in all securities of the Company is prohibited during the period between the date a receipt for this preliminary prospectus is issued by the applicable securities regulatory authorities 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 authorities grant a discretionary order.

Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Company'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".

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total number of Common Shares offered under this prospectus, being 60,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, being 120,000 Common Shares.

The Common Shares are conditionally offered, subject to prior sale, if, as and when issued by the Company, and 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 Beadle Raven LLP on behalf of the Company and by Salley Bowes Harwardt LC on behalf of 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 entire Offering is not raised within 90 days of the issuance of a receipt for the final prospectus, or such other time as may be 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. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery at the closing of the Offering unless the Agent elects for delivery in electronic book 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.

No person is authorized to provide any information or to make any representation in connection with this Offering other than as contained in this prospectus.

**LEEDE JONES GABLE INC.
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GLOSSARY

“**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 securities of the company are held, other than by way of security only, by or for the benefit of that person; and
- (b) the voting securities, 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 ●, 2019, between the Company and the Agent in respect of the Offering.

“**Agent**” means Leede Jones Gable Inc.

“**Agent’s Commission**” means the commission payable in cash by the Company to the Agent equal to 10% of the gross proceeds of the Offering.

“**Agent’s Options**” means the non-transferable options granted by the Company to the Agent to acquire Common Shares in an amount equal to 10% of the number of Common Shares sold under the Offering at a price of \$0.10 per Common Share for a period of 24 months from the Listing Date.

“**Aggregate Pro Group**” means all persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the company to provide financing, sponsorship or other advisory services.

“**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 or company, means

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;

- (d) in the case of a person, a relative of that person, including,
 - (i) that person's spouse or child, or
 - (ii) any relative of the person or of his or her 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 of the TSX Venture Exchange Rule Book with respect to that Member firm, Member corporation or holding company.

“**Common Shares**” means common shares in the capital of the Company.

“**Company**” means Hanstone Capital Corp.

“**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 the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any person or company that holds or is one of a combination of persons or companies 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 securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“**Corporate Finance Fee**” means the corporate finance fee payable by the Company to the Agent of \$10,000 plus applicable taxes.

“**CPC**” or “**Capital Pool Company**” means a corporation:

- (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 Exchange Bulletin has not yet been issued.

“**CPC Policy**” means Exchange Policy 2.4 – *Capital Pool Companies*.

“**Escrow Agreement**” means the escrow agreement dated ●, 2019, among the Company, Computershare Investor Services Inc. as the Escrow Agent, and certain shareholders of the Company.

“**Exchange**” or “**TSX-V**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Incentive Stock Options**” means the non-transferable options to purchase Common Shares pursuant to the stock option plan that was adopted by the Board of Directors of the Company on December 4, 2018.

“**Insider**”, if used in relation to an issuer, means: a director or senior officer of the issuer;

- (a) a director or senior officer of the company that is an Insider or subsidiary of the company;
- (b) 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
- (c) the issuer itself if it holds any of its own securities.

“**IPO**” means a transaction that involves an issuer issuing securities from its treasury pursuant to its first prospectus.

“**Listing Date**” means the date on which the Common Shares are listed on the Exchange.

“**Majority of the Minority Approval**” means the approval of a Non Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (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

at a properly constituted meeting of the common shareholders of the CPC.

“**Member**” has the meaning in Rule A.1.00 of the TSX Venture Exchange Rule Book.

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements of the Canadian Securities Administrators*.

“**Non Arm’s Length Parties to the Qualifying Transaction**” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“**Non Arm’s Length Party**” means in relation to a company, 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. In relation to an individual, means 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 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.

“**Offering**” means the offering of Common Shares in accordance with the terms of this prospectus.

“**Option Plan**” means the 10% rolling stock option incentive plan adopted by the Company’s Board of Directors on December 4, 2018.

“**person**” means a company or an individual.

“**Principal**” means:

- (a) a person or company who acted as a promoter of the issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or 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 or company 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 or company 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.

"Pro Group" means:

- (a) Subject to subparagraphs (b), (c) and (d) "Pro Group" shall include, either individually or as a group:
 - (i) the Member;
 - (ii) employees of the Member;
 - (iii) partners, officers and directors of the Member;
 - (iv) Affiliates of the Member; and
 - (v) Associates of any parties referred to in subparagraphs (i) through (iv) above;
- (b) The Exchange may, in its discretion, include a person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the person is not acting at arm's length to the Member;
- (c) The Exchange may, in its discretion, exclude a person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the person is acting at arm's length of the Member; and
- (d) The Exchange may deem a person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
 - (i) the person is an Affiliate or Associate of the Member acting at arm's length of the Member;
 - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
 - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
 - (iv) the Member maintains a list of such excluded persons.

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

"promoter" has the meaning specified in section 1(1) of the *Securities Act* (British Columbia).

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

"Related Party Transaction" has the meaning ascribed to that term under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm's Length Parties, or other circumstances exist

which may compromise the independence of the issuer with respect to the transaction.

“**Responsible Solicitor**” means the solicitor who is primarily responsible for the preparation of or for providing advice to the Company or Agent with respect to the contents of the prospectus.

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

“**SEDAR**” means System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of public companies and investment funds across Canada.

“**Seed Shares**” means securities issued before an issuer’s IPO, or by a private Target Company before a reverse take-over bid, change in business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading.

“**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*.

“**Sponsor Report**” means the report to be provided to the Exchange by the Sponsor.

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

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Vendors**” means one or all of the beneficial owners of the Significant Assets (other than a Target Company).

PROSPECTUS SUMMARY

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

Company: The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. See “Business of the Company”.

Offering: A total of 3,000,000 Common Shares are being offered under this prospectus at a price of \$0.10 per Common Share in the provinces of British Columbia and Alberta. In addition, the Company will grant the Agent’s Options to the Agent to purchase such number of Common Shares as is equal to 10% of the number of Common Shares sold pursuant to the Offering, at a price of \$0.10 per Common Share, exercisable for a period of 24 months from the Listing Date. This prospectus qualifies the grant of the Agent’s Options. The issuance of the Incentive Stock Options concurrent with closing of the Offering, which have been granted effective as of the Listing Date to the directors and officers of the Company entitling the purchase of, in aggregate, 600,000 Common Shares exercisable for a period of 10 years from the Listing Date, shall also be qualified under this prospectus. See “Use of Proceeds”, “Plan of Distribution” and “Incentive Stock Options”.

Use of Proceeds: The net proceeds to the Company from prior issuances of Common Shares and the Offering, after the payment of the Agent’s Commission and all other costs and expenses relating thereto, are estimated to be \$360,000. The net proceeds of the Offering and proceeds from the prior sale of Common Shares will be used to provide the Company 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 Company may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of: (i) 30% of the gross proceeds realized by the Company in respect of the sale of its securities; and (ii) \$210,000 may be used for purposes other than evaluating businesses or assets. See “Use of Proceeds”, “Business of the Company” and “Risk Factors”.

Directors & Officers: The directors and officers of the Company are as follows:

Robert Quinn	Chief Executive Officer, President and Director
Aris Morfopoulos	Chief Financial Officer, Corporate Secretary and Director
Raymond Marks	Director
Bob Hans	Director

See “Directors, Officers and Promoters”.

Escrowed Securities: All of the currently issued and outstanding Common Shares of the Company, being 3,000,000 Common Shares, 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 up to three years after the date of the Final 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 Company’s business and its present stage of development. The Company was only recently incorporated and has no active business or assets other than 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 Company and can afford to risk the loss of their entire investment. The directors and officers of the Company will only devote part of

their time and attention to the affairs of the Company and there may be potential conflicts of interest to which some of the directors and officers of the Company will be subject in connection with the operations of the Company. Assuming completion of the Offering, investors acquiring Common Shares offered under this prospectus will suffer an immediate dilution of approximately 25% or \$0.025 per Common Share. 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 Company 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 Company has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction. See “Corporate Structure”, “Business of the Company”, “Directors, Officers and Promoters”, “Use of Proceeds” and “Risk Factors”.

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. See “Risk Factors”.

CORPORATE STRUCTURE

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on October 11, 2018.

The head office of the Company is located at Suite 600, 890 West Pender Street, Vancouver, British Columbia V6C 1K4 and the registered office is located at Suite 600, 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

BUSINESS OF THE COMPANY

Preliminary Expenses

As at December 31, 2018 the Company had incurred approximately \$1,600 in preliminary expenses comprised of accounting and legal expenses. From December 31, 2018 to the date of this prospectus, the Company has incurred additional expenses of approximately \$4,450 related to Exchange and securities regulatory authority filing fees. A portion of the proceeds of the Offering will be used to satisfy the obligations of the Company related to the Offering, including the expenses of its legal counsel and auditor and the fees of the Agent and the Agent's legal counsel. See "Use of Proceeds".

Proposed Operations Until Completion of a Qualifying Transaction

The Company 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 Company has not conducted commercial operations. The sector in which the Company will pursue a Qualifying Transaction is not currently known by the Company.

Until Completion of the Qualifying Transaction, the Company 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 "Restrictions on Use of Proceeds" and "Private Placements for Cash", the funds raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition. The Company has not entered into an Agreement in Principle.

Method of Financing Participation or Acquisitions

The Company may use either cash, bank financing, 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 Company and may cause shareholders' interest in the Company to be further diluted.** See "Risk Factors".

Criteria for Qualifying Transaction

The Board of Directors of the Company 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 Company and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Company 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 Company reaching an Agreement in Principle, the Company 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, Suspensions and Delisting". Within 75 days after issuance of such news release, the Company shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Company, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Exchange Form 3B1/Form 3B2. Upon acceptance by the Exchange, the Company must then either:

- (a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction, as well as the fact that the filing statement is available on SEDAR; or
- (b) mail the information circular and related proxy material to its shareholders in order to obtain Majority of the Minority Approval of the Qualifying Transaction or other requisite approval at a meeting of shareholders.

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

- (a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (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 Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Company from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

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 in the Common Shares from the date of the public announcement of an Agreement in Principle until all 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 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 Company fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the Company 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.

The Exchange may suspend from trading or delist the Common Shares of the Company where the Exchange has not issued a Final Exchange Bulletin to the Company within 24 months of the Listing Date. In the event that the Common Shares of the Company are delisted by the Exchange, within 90 days from the date of such delisting, the Company 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 Company, 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".

If the Company does not complete a Qualifying Transaction within 24 months of the date of listing, it may apply for listing on NEX rather than be delisted. In order to be eligible to list on the NEX, the Company must:

- (a) either:
 - (i) cancel all escrowed Common Shares purchased by Non Arm's Length Parties to the Company at a discount to the Offering price, in accordance with section 11.2(a) of the CPC Policy, as if the Company had delisted from the Exchange, or
 - (ii) subject to majority shareholder approval, cancel the escrowed Common Shares purchased by Non Arm's Length Parties to the Company so that the average cost of the remaining seed shares is at least equal to the Offering price; and
- (b) obtain majority shareholder approval for the transfer to NEX, exclusive of the votes of Non Arm's Length Parties of the Company.

If the Company lists the Common Shares on NEX it must continue to comply with all requirements and restrictions of the CPC Policy.

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 aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
 - (i) Member firms of the Exchange;
 - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firms; and
 - (iii) Associates of any such person,
 collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) 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 the Company from prior sales of Common Shares and the sale of Common Shares pursuant to the Offering will be \$450,000.

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

Cash proceeds raised prior to the Offering ⁽¹⁾	\$150,000
Approximate expenses and costs incurred by the Company relating to incorporation of the Company, prior issuances of Common Shares, expenses and costs relating to the Offering (including legal fees and disbursements), filing fees and preparation for the year-end audit	(20,000)
Cash proceeds to be raised pursuant to the Offering ⁽²⁾	300,000
Balance of estimated expenses and costs relating to the Offering not paid as of the date of this prospectus (including listing fees, filing fees, printing costs, Corporate Finance Fee, Agent’s Commission, Agent’s legal fees and expenses and legal and audit fees of the Company), which costs will be paid out of proceeds of the Offering ⁽³⁾	(70,000)
Estimated funds available (on completion of Offering)	\$360,000
Funds available for identifying and evaluating assets or business prospects ⁽⁴⁾	\$300,000
Estimated general and administrative expenses until Completion of the Qualifying Transaction (for a period of 24 months from completion of the Offering)	60,000
Total net proceeds	\$360,000

⁽¹⁾ See “Prior Sales”.

⁽²⁾ In the event the Agent exercises the Agent’s Options, there will be available to the Company an additional \$30,000, which will be added to the working capital of the Company. In the event all Incentive Stock Options are exercised, there will be available to the Company an additional \$60,000, which will be added to the working capital of the Company. There is no assurance that all, or any part of, the Agent’s Options or the Incentive Stock Options will be exercised.

⁽³⁾ A deposit of \$6,000 was paid by the Company to the Agent as a retainer against the Agent’s expenses.

⁽⁴⁾ In the event that the Company enters into an Agreement in Principle prior to spending its available funds on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Company’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 Company may commit. See “Risk Factors”.

Permitted Use of Proceeds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in “Restrictions on Use of Proceeds”, “Private Placements for Cash” and “Prohibited Payments to Non Arm’s Length Parties”, the gross proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate businesses or assets and, if required, obtain shareholder approval for a proposed Qualifying Transaction. See “Business of the Company” and “Risk Factors”.

The proceeds may be used for expenses incurred for the preparation of:

1. valuations or appraisals;
2. business plans;
3. feasibility studies and technical assessments;
4. sponsorship reports;
5. engineering or geological reports;
6. financial statements, including audited financial statements;
7. fees for legal and accounting services; and
8. agent's fees, costs and commissions;

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, obtaining of shareholder approval for the Company's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Company to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

Restrictions on Use of Proceeds

Until Completion of the Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Company or \$210,000 will be used for purposes other than those described above. For greater certainty, expenditures which are not included under "Permitted Use of Proceeds" include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Company, including:
 - (i) office supplies, office rent and related utilities;
 - (ii) printing costs (including the printing of this prospectus and share certificates);
 - (iii) equipment leases; and
 - (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Proceeds".

No proceeds will be used to acquire or lease a vehicle.

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Company 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 Company 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 \$5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to a private placement to Non Arm's Length Parties to the Company and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non Arm's Length Parties

Except as described under "Incentive Stock Options" and "Restrictions on Use of Proceeds", the Company 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 Company or a Non Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

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

Further, no such payment will be made on or 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 Company may reimburse a Non Arm's Length Party to the Company for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases) and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Company or in the case of a law firm, no member of the firm owns greater than 10% of the outstanding Common Shares of the Company), and the Company may also reimburse a Non Arm's Length Party to the Company for reasonable out-of-pocket expenses incurred in pursuing the business of the Company 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.

PLAN OF DISTRIBUTION

Agent's Compensation

Pursuant to the Agency Agreement, the Company has appointed the Agent as its agent to offer for sale to the public in the provinces of British Columbia and Alberta, on a "commercially reasonable efforts" basis, 3,000,000 Common Shares, as provided in this prospectus, at a price of \$0.10 per Common Share for total gross proceeds to the Company of \$300,000, subject to the terms and conditions of the Agency Agreement. The Agent will receive a commission equal to 10% of the gross proceeds of the Offering. In addition, the Company will pay to the Agent a corporate finance fee of \$10,000 plus applicable taxes. The Company will reimburse the Agent for its reasonable expenses incurred pursuant to the Offering. The Company has paid to the Agent a retainer of \$6,000 against the Agent's expenses.

The Company has also agreed to grant to the Agent the Agent's Options to purchase such number of Common Shares as is equal to 10% of the number of Common Shares sold under the Offering, being an aggregate of 300,000 Common Shares, at an exercise price of \$0.10 per Common Share, which may be exercised for a period of 24 months from the Listing Date. The grant of the Agent's Options is qualified under this prospectus. Not more than 50% of the aggregate number of Common Shares which can be acquired by the Agent on the exercise of the Agent's Options 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 its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Company and may make co-brokerage arrangements with other investment dealers at no additional cost to the Company. 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 Minimum Distribution

The total Offering consists of 3,000,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds to the Company of \$300,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total number of Common Shares offered under this prospectus, or 60,000 shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, or 120,000 shares. The funds received from the Offering will be deposited with the Agent and will not be released until the entire offering of \$300,000 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 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 Company has granted to its directors and officers Incentive Stock Options to purchase, in aggregate, 600,000 Common Shares at an exercise price of \$0.10 per Common Share, which Incentive Stock Options will become effective on the Listing Date and will be exercisable until the date that is 10 years after the Listing Date 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 arm’s length negotiation between the Company and the Agent.

Listing Application

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

As at the date of this prospectus, the Company 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, 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.

Subscriptions by and Restrictions on Agent

The Agent has advised the Company that, to the best of its knowledge and belief, neither it, nor any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing has subscribed for Common Shares of the Company prior to the date hereof.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group is 20% of the total issued and outstanding Common Shares of the Company exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Agent’s Options and Incentive Stock Options, no securities of the Company will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the applicable securities regulatory authorities 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 Company is authorized to issue an unlimited number of Common Shares, of which, as of the date hereof, 3,000,000 Common Shares are issued and outstanding.

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company 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 Company, the holders of Common Shares are entitled to share rateably

the remaining assets of the Company, subject to the rights of holders of the preferred shares.

In addition, up to 3,000,000 Common Shares will be issued pursuant to this prospectus, up to 300,000 Common Shares may be issued upon the exercise of the Agent's Options and up to 600,000 Common Shares may be issued upon the exercise of the Incentive Stock Options. See "Plan of Distribution" and "Incentive Stock Options".

CAPITALIZATION

Capital	Authorized	Amount Outstanding as of December 31, 2018⁽¹⁾	Amount Outstanding as of ●, 2019	Amount to be outstanding following the completion of the Offering⁽²⁾⁽³⁾
Common Shares	Unlimited	\$150,000 (3,000,000 Common Shares)	\$150,000 (3,000,000 Common Shares)	\$450,000 (6,000,000 Common Shares)

⁽¹⁾ As at the date of the most recent balance sheet of the Company, it had not commenced commercial operations.

⁽²⁾ The Company will issue up to 300,000 Common Shares upon the exercise of the Agent's Options and up to 600,000 Common Shares upon exercise of Incentive Stock Options. See "Plan of Distribution" and "Incentive Stock Options".

⁽³⁾ Before deducting the costs and expenses of the Offering, estimated to be \$90,000, including the Agent's Commission and the Corporate Finance Fee. See "Use of Proceeds".

INCENTIVE STOCK OPTIONS

The Board of Directors of the Company has adopted a 10% rolling stock option incentive plan (the "**Option Plan**") pursuant to which it may from time to time, in its discretion and in accordance with the Exchange requirements, grant to "**Eligible Persons**" (as defined in the Option Plan) non-transferable options to purchase Common Shares (collectively, the "**Incentive Stock Options**") exercisable for periods of up to 10 years from the date of grant. For so long as the Company is a CPC, Eligible Persons under the Option Plan are the Company's directors, officers or technical consultants (where permitted by applicable securities laws) and their permitted assigns; and following Completion of the Qualifying Transaction by the Company, any director, executive officer, employee, consultant, investor relations person or management company employee of the Company or any affiliate of the Company and their permitted assigns (as those terms are defined by the policies of the Exchange and National Instrument 45-106 – *Prospectus and Registration Exemptions*, as amended from time to time).

The aggregate number of Common Shares reserved for issuance under the Option Plan and Common Shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate such number of Common Shares as is equal to 10% of the Common Shares issued and outstanding at the time of a grant; provided that, for so long as the Company is a CPC under the policies of the Exchange, such number cannot exceed 10% of the aggregate number of Common Shares issued and outstanding upon completion of the Company's initial public offering, which, presuming the Offering is completed as proposed, is a reserve of 600,000 Common Shares. For so long as the Company is a CPC, the number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares. If an optionholder does not carry on as a director, officer or technical consultant of the Company upon Completion of the Qualifying Transaction, then such optionholder's options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

The Company's Board of Directors has granted to its directors and officers Incentive Stock Options to purchase, in aggregate, 600,000 Common Shares according to the following terms, which Incentive Stock Options will become effective on the Listing Date:

<u>Name</u>	<u>Number of Common Shares under option⁽¹⁾</u>	<u>Exercise price per Common Share</u>	<u>Expiry date</u>
Bob Hans	250,000	\$0.10	10 years from the Listing Date
Robert Quinn	100,000	\$0.10	10 years from the Listing Date
Raymond Marks	150,000	\$0.10	10 years from the Listing Date
Aris Morfopoulos	100,000	\$0.10	10 years from the Listing Date
Total	600,000		

⁽¹⁾ In accordance with Exchange policies, all Common Shares acquired on exercise of Incentive Stock Options prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

The Incentive Stock Options to purchase 600,000 Common Shares granted to the Company’s directors and officers (subject to regulatory approval) are qualified for distribution pursuant to this prospectus.

PRIOR SALES

Since the date of incorporation of the Company, 3,000,000 Common Shares have been issued as set out below and are currently outstanding.

<u>Date</u>	<u>Number of Common Shares</u>	<u>Issue Price per Share</u>	<u>Aggregate issue price</u>	<u>Consideration received</u>
October 11, 2018	3,000,000	\$0.05	\$150,000	Cash
Total	3,000,000		\$150,000	

ESCROWED SECURITIES

Securities Escrowed Prior to the Completion of Qualifying Transaction

All of the 3,000,000 Common Shares issued prior to the Offering at a price below \$0.05 per Common Share, all Common Shares that may be acquired by Non Arm’s Length Parties of the Company either under the Offering or otherwise prior to Completion of the Qualifying Transaction, and all Common Shares acquired by members of the Aggregate Pro Group prior to the Offering will be deposited with Computershare Investor Services Inc. pursuant to the terms of the Escrow Agreement.

All Common Shares acquired on exercise of Incentive Stock Options prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. In addition, all Common Shares of the Company acquired in the secondary market prior to the Completion of the Qualifying Transaction by any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by Principals of the Resulting Issuer will also be escrowed.

The following table sets out, as at the date hereof, the number of Common Shares of the Company that will be held in escrow pursuant to the terms of the Escrow Agreement.

Name and municipality of residence of shareholder	Number of Common Shares held in escrow	Percentage of Common Shares prior to completion of the Offering	Percentage to be owned assuming completion of Offering ⁽¹⁾
Bob Hans Surrey, British Columbia	2,650,000	88.33%	44.17%
Robert Quinn Houston, Texas	100,000	3.33%	1.67%
Raymond Marks Mission, British Columbia	150,000	5.00%	2.50%
Aris Morfopoulos Vancouver, British Columbia	100,000	3.33%	1.67%
Total	3,000,000	100%	50%

⁽¹⁾ Assuming no Common Shares are purchased by such persons pursuant to the Offering.

Where the Common Shares of the Company that 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 any issuance of securities or transfer of securities which 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, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “**Initial Release**”) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange’s Tier 1 initial listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

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 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, each Non Arm’s Length Party to the Company who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the transfer agent to immediately:

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Company, or
- (b) if the Company lists on NEX board of the Exchange, either:
 - (i) cancel all Seed Shares purchased by Non Arm’s Length Parties to the Company at a discount to the Offering price, in accordance with section 11.2(a) of the CPC Policy, or
 - (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non Arm’s Length Parties to the Company so that the average cost of the remaining Seed Shares is at least equal to the Offering price under this prospectus.

Escrowed Securities On Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are “Value Securities”, then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (a “**Value Security Escrow Agreement**”). “Value Securities” are securities issued pursuant to a transaction for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a “**Surplus Security Escrow Agreement**”).

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities, being releasable every six months thereafter until the date which is 36 months after the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with: 5% of the escrowed securities releasable at the time of the Final Exchange bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an 18 month escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Company and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and
 - (i) at least 75% of the proceeds from the private placement are not from Principals of the Company or the proposed Resulting Issuer,
 - (ii) if subscribers, other than Principals of the Company or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
 - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

The following table lists those persons who legally or beneficially own, directly or indirectly, 10% or more of the issued and outstanding Common Shares of the Company 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 owned following Completion of Offering</u>
Bob Hans Surrey, BC	Direct	2,650,000	88.33%	44.17%

⁽¹⁾ Assuming no Common Shares are purchased by Mr. Hans pursuant to the Offering.

⁽²⁾ Following the completion of the Offering, the fully-diluted share capital of the Company will be 6,900,000 Common Shares, and assuming the exercise of his Incentive Stock Options and assuming no Common Shares are purchased by him pursuant to the Offering, the shareholdings of Bob Hans on a fully-diluted basis will be 2,900,000 Common Shares or approximately 42.03%.

DIRECTORS, OFFICERS AND PROMOTERS

The following table sets out, for each of the Company's directors, officers and promoters, the person's name, positions with the Company, municipality of residence, principal occupation(s) during the five years prior to the date of this prospectus and the date the person became a director or an officer of the Company. The term of office of each of the directors will expire at the close of the next annual general meeting, unless he resigns or otherwise vacates office before that time.

<u>Name, Residence and Current Position with the Company</u>	<u>Date Appointed</u>	<u>Principal Occupation or Employment during the Past Five Years</u>	<u>Number of Common Shares</u> ⁽²⁾	<u>Percentage on Completion of Offering</u> ⁽³⁾⁽⁴⁾
Robert Quinn ⁽¹⁾ Houston, Texas Director, CEO and President	October 11, 2018	Lawyer, director of publicly traded development and operating mining companies. Manager of Administration, Permitting and Compliance for the metals division of Stella Natural Resources Inc., a private diversified mining and trading company.	100,000	1.67%
Aris Morfopoulos Vancouver, BC Director, CFO and Corporate Secretary	October 11, 2018	CFO and director for public companies in the junior mineral exploration sector. Corporate consultant and self-employed businessman.	100,000	1.67%
Bob Hans ⁽¹⁾⁽⁵⁾ Surrey, BC Director	October 11, 2018	Businessman, entrepreneur. President of the Hans Group, which owns and operates businesses in commercial real estate, mining & quarry operations, sand & gravel supplies, and trucking & earth works.	2,650,000	44.17%
Raymond Marks ⁽¹⁾ Mission, BC Director	October 11, 2018	Mineral exploration company (Tudor Gold Corp.) executive from 2016 to 2018. Self-employed businessman.	150,000	2.50%

- ⁽¹⁾ Member of the Audit Committee. The Company does not have any other committees.
- ⁽²⁾ These shares are subject to escrow restrictions (see “Escrowed Securities”) and do not reflect a total of up to 600,000 Common Shares issuable on exercise of Incentive Stock Options granted to the Company’s directors and officers, which Incentive Stock Options will be effective on the Listing Date (see “Incentive Stock Options”).
- ⁽³⁾ Assuming no Common Shares are purchased by such persons pursuant to the Offering.
- ⁽⁴⁾ As of the date of this prospectus, the directors and officers of the Company, as a group, beneficially own, directly or indirectly, 100% of the issued and outstanding Common Shares of the Company. Following completion of this Offering, the directors and officers of the Company, as a group, will beneficially own, directly or indirectly 50% of the Company’s issued and outstanding Common Shares, assuming no Common Shares are purchased by such persons pursuant to the Offering.
- ⁽⁵⁾ As of the date of this prospectus, Bob Hans, the promoter of the Company, owns 88.33% of the issued and outstanding Common Shares of the Company. Assuming completion of the Offering, the promoter of the Company will own 44.17% of the then issued and outstanding Common Shares of the Company.

In addition to any other requirements of the Exchange, the Exchange expects management of the Company to meet a high management standard. The directors and officers of the Company 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.

Management of the Company

Set forth below is a description of the background of the directors and officers of the Company, including a description of each individual’s principal occupation(s) within the past five years. None of the Company’s directors or officers are employees or independent contractors of the Company, and none of the Company’s directors or officers have entered into a non-competition or non-disclosure agreement with the Company.

Robert Quinn – President, Chief Executive Officer and Director (Age: 63)

Mr. Quinn is a founding partner of the Houston mining transactional law firm Quinn & Brooks LLP. Mr. Quinn has over 25 years of legal and management experience as well as experience in M&A transactions, corporate governance, public disclosure, governmental affairs, environmental law, and land management. Mr. Quinn has a Bachelor of Science degree in Business Administration from the University of Denver, a Juris Doctor degree from the University of Denver, College of Law and has completed two years of graduate work in mineral economics at the Colorado School of Mines.

Mr. Quinn intends to dedicate approximately 20% of his working time to the affairs of the Company.

Aris Morfopoulos – Chief Financial Officer, Corporate Secretary and Director (Age: 65)

Mr. Morfopoulos is an executive and accountant with over 30 years corporate management experience. He has worked as a CFO, senior management and director of several of junior resource companies based in British Columbia since 1994. He has significant experience in the areas of international corporate structuring and business. In addition to his work for public junior resource companies, he also provides corporate and M & A advisory services in other industry sectors (e.g. high tech and medical).

Mr. Morfopoulos intends to dedicate approximately 15% of his working time to the affairs of the Company.

Bob Hans – Independent Director (Age: 55)

Mr. Hans is an entrepreneur and business leader with an investment background in real estate and industrial properties. Mr. Hans is the founder of ‘The Hans Group’ which houses a collection of businesses that have operated in British Columbia for the past 38 years. The Hans Group includes: mining and quarry extraction operations, sand & gravel supplies, gravel trucking, earth works, and commercial real estate holding companies as a part of its portfolio. Mr. Hans will bring his expertise and investment strategies for managing portfolios of real estate to the public market through the Company.

Mr. Hans intends to dedicate approximately 15% of his working time to the affairs of the Company.

Raymond Marks – Independent Director (Age: 69)

Mr. Marks has over 40 years of experience as a businessman and operations manager. Mr. Marks has managed a variety of industrial real estate properties including: rock quarries, mining properties, industrial storage yards, log sorts, lumber mills and logging camps. Mr. Marks also has public company management experience and was previously the executive vice president and a director for Tudor Gold Corporation. Mr. Marks will be bringing his expertise in industrial real estate properties and property management skills to the Company.

Mr. Marks intends to devote approximately 15% of his working time to the affairs of the Company.

Reporting Issuer Experience

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

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange</u>	<u>Position(s)</u>	<u>From</u>	<u>To</u>
Bob Hans	None				
Raymond Marks	Tudor Gold Corp.	TSXV	Director	February 2016	December 2018
Robert Quinn	Tudor Gold Corp.	TSXV	Director	April 2016	December 2018
	North American Palladium Ltd.	TSX	Director	June 2006	August 2015
	Great Western Minerals Group Ltd.	TSX	Director	March 2006	July 2015
	Mercator Minerals Ltd.	TSX	Director	August 2000	September 2014
	eCobalt Solutions Inc.	TSX	Director	August 1999	July 2017
Aris Morfopoulos	Constantine Metal Resources Ltd.	TSXV	CFO, Secretary	June 2006	Present
	New Oroperu Resources Inc.	TSXV	CFO, Secretary	June 1997	Present
	Tudor Gold Corp.	TSXV	CFO, Secretary	May 2016	Present
	Carlin Gold Corporation	TSXV	CFO, Secretary, Director	November 2004	Present
	Northern Superior Resources Inc.	TSXV	CFO	May 2009	December 2015

Promoter

Bob Hans, a Director of the Company, took the initiative in founding the Company and is therefore deemed to be its “promoter” within the meaning of the *Securities Act* (British Columbia). Mr. Hans owns 2,650,000 Common Shares representing 88.33% of the Company’s total issued and outstanding share capital as at the date of this prospectus. In addition, the Company has granted to Mr. Hans Incentive Stock Options to purchase up to 250,000 Common Shares. See “Principal Shareholders” and “Incentive Stock Options”.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, none of the directors, officers, insiders or promoters of the Company or shareholders holding a sufficient number of securities of the Company to materially affect the control of the Company is, or has

been within 10 years before the date of the prospectus, a director, officer, insider or promoter of any other issuer that was, during his or her tenure, the subject of a cease trade order or similar order or an order that denied that issuer access to any statutory exemptions for a period of more than 30 consecutive days, or was declared 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 the assets of the issuer.

Robert Quinn was a director of Mercator Minerals Ltd. (“**Mercator**”). On August 26, 2014, Mercator filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Mr. Quinn ceased to be a director of Mercator on September 4, 2014. Pursuant to section 50.4(8) of the BIA, Mercator was deemed to have filed an assignment in bankruptcy on September 5, 2014 as a result of allowing the ten-day period within which Mercator was required to submit a cash flow forecast to lapse.

Mr. Quinn was a director of Great Western Minerals Group Ltd. (“**GWMG**”). On April 30, 2015, GWMG was granted protection from its creditors under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCA**”) upon receiving an initial order from the Court. On May 11, 2015, an order was issued by the Financial and Consumer Affairs Authority of the Province of Saskatchewan that all trading in the securities of GWMG be ceased due to its failure to file financial statements for the year ended December 31, 2014.

Mr. Quinn was a director of North American Palladium Ltd. (“**NAP**”) prior to the completion of the recapitalization transaction that was completed on August 6, 2015 and approved at a meeting of the convertible debentureholders of NAP and at an annual and special meeting of shareholders of NAP on July 30, 2015. The recapitalization was accomplished by way of plan of arrangement and resulted in the issuance of shares in exchange for debt, among other things.

Penalties or Sanctions

Except as disclosed below, no director, officer, insider or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has: (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Mr. Quinn was a director of Mercator. In early 1998, Mercator, through its then management, filed a registration statement under the *Securities and Exchange Act* of 1934 with the United States Securities and Exchange Commission (“**SEC**”), which became effective in 1998 without further action by Mercator. Mercator’s subsequent management and directors (including Mr. Quinn) were not aware that the registration statement had become effective and, accordingly, no further filings were made with the SEC by Mercator. On November 8, 2011, an order was issued by the SEC revoking the registration of Mercator’s common shares in the United States for failing to file periodic reports. On November 8, 2011, Mercator filed a Form 40-F registration to re-register Mercator’s common shares in the United States. The Form 40-F registration statement became effective on January 9, 2012.

Personal Bankruptcies

None of the directors, officers, insiders or promoters of the Company or shareholders holding a sufficient number of securities of the Company to materially affect the control of the Company has, during the past 10 years, been declared bankrupt, made a proposal under bankruptcy or insolvency legislation 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 Company or any of their respective Associates or Affiliates has been indebted to the Company since the date of the Company’s incorporation.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, insiders and promoters of the Company will

be subject in connection with the operation of the Company. The directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Company for businesses or assets in order to close a Qualifying Transaction. See “Directors, Officers and Promoters”. Accordingly, situations may arise where the directors, officers, insiders and promoters will be in direct competition with the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives. Conflict, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

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 Company to a Non Arm’s Length Party to the Company 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 Company or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
 - (i) salaries;
 - (ii) consulting fees;
 - (iii) management contract fees or directors’ fees;
 - (iv) finders’ fees;
 - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

However, the Company may reimburse Non Arm’s Length Parties for the Company’s reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value (“**Permitted Reimbursements**”). Since the Company’s incorporation and as at the date of this prospectus, no Permitted Reimbursements have been made. No reimbursement may be made for any payment made to lease or buy a vehicle. The directors and officers of the Company have been, and in the future may be, granted Incentive Stock Options (see “Incentive Stock Options”).

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

DILUTION

Assuming completion of the Offering, investors acquiring Common Shares offered under this prospectus will suffer an immediate dilution of approximately 25% or \$0.025 per Common Share, on the basis of there being 6,000,000 Common Shares of the Company issued and outstanding upon completion of the Offering. Dilution has been computed on the basis of total gross proceeds to be raised pursuant to the Offering and from sales of securities prior to filing this prospectus without deduction of commissions or related expenses incurred by the Company.

Gross proceeds of prior share issues	\$150,000
Gross proceeds of this Offering	300,000
Total gross proceeds after this Offering.....	\$450,000
Offering price per share	\$0.10

Proceeds per share after this Offering.....	\$0.075
Dilution per share to subscriber	\$0.025
Percentage of dilution in relation to offering price	25%

RISK FACTORS

Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Company’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.

No Proposed Business

The Company was only recently incorporated, 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. The Company 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 Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. See “Business of the Company”.

No Market or History of Operations

The Company does not have a history of operations, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future. There is no market for the Common Shares and 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 the Common Shares. This Offering should be considered highly speculative due to the fact that the Company was only recently incorporated. The price of these securities to the public and the commission to the Agent was established by arm’s length negotiation between the Company and the Agent.

Directors’ and Officers’ Involvement in Other Projects

The directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company 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. Certain directors, officers, insiders and promoters of the Company are directors, officers, insiders and promoters of other Capital Pool Companies and as such are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Company for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where the directors, officers, insiders and promoters will be in direct competition with the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives. Conflict, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia). See “Directors, Officers and Promoters” and “Conflicts of Interest”.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

Dilution

Assuming completion of the Offering, investors acquiring Common Shares under this prospectus will suffer an

immediate dilution of approximately 25% or \$0.025 per Common Share, before the deduction of selling commissions and related expenses incurred by the Company. 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 this prospectus, without deduction of commissions or related expenses incurred by the Company and assuming no exercise of the Agent's Options or Incentive Stock Options. If the Company issues treasury shares for financing purposes, control of the Company may change and subscribers may suffer additional dilution. See "Dilution".

Requirement for Additional Financing

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company 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 Company 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 Company 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 Company. Subject to prior Exchange acceptance, the Company may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business as a non-refundable and/or unsecured deposit without shareholder approval, and there can be no assurance that the Company will be able to recover that loan. See "Business of the Company" and "Use of Proceeds".

Non-Acceptance by the Exchange

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.

No Dissent Rights

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 Company of fair value for the Common Shares.

Trading Halt

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Company 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 Company 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 Company completing the proposed Qualifying Transaction. Trading of the Common Shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

Possible Trading Suspension or Delisting

The Exchange will generally suspend trading of the Common Shares or delist the Company in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the Listing Date of the Common Shares. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See "Business of the Company".

Foreign Qualifying Transaction

In the event that the management of the Company resides outside of Canada or the Company 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 Company 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.

LEGAL PROCEEDINGS

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

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is not a “related issuer” or a “connected issuer” of or to the Agent (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*). See “Plan of Distribution”.

RELATIONSHIP BETWEEN THE COMPANY AND PROFESSIONAL PERSONS

No Professional Person, Responsible Solicitor or a partner of a Responsible Solicitor’s firm holds any beneficial interest, direct or indirect, in any securities or properties of the Company or of an Associate or Affiliate of the Company.

No Professional Person is or is expected to be elected, appointed or employed as a director, senior officer, employee or promoter of the Company or of an Associate or Affiliate of the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Shim & Associates LLP, Suite 810, 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

The transfer agent and registrar for the Common Shares of the Company is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

MATERIAL CONTRACTS

Since incorporation, the Company has not entered into any contracts material to investors in the Common Shares other than contracts in the ordinary course of business and the following:

1. the Escrow Agreement dated ●, 2019, among the Company, Computershare Investor Services Inc. as Escrow Agent and certain shareholders of the Company (see “Escrowed Securities”); and
2. the Agency Agreement dated ●, 2019, between the Company and the Agent (see “Plan of Distribution”).

Copies of these agreements will be available for inspection at the offices of Beadle Raven LLP, Suite 600, 1090 West Georgia Street, Vancouver, British Columbia, 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.

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 certain of the provinces and territories of Canada provide 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. In several provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, or in some jurisdictions damages, if this prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission 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.

HANSTONE CAPITAL CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Expressed in Canadian Dollars)



SHIM & Associates LLP
Chartered Professional Accountants
Suite 810 – 789 West Pender Street
Vancouver, B.C. V6C 1H2
T: 604 559 3511 | F: 604 559 3501

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Hanstone Capital Corp.

We have audited the accompanying financial statements of Hanstone Capital Corp., which comprise the statement of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of incorporation on October 11, 2018 to December 31, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hanstone Capital Corp. as at December 31, 2018, and its financial performance and cash flows for the period from the date of incorporation on October 11, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Hanstone Capital Corp. to continue as a going concern.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January ••, 2019

HANSTONE CAPITAL CORP.
STATEMENT OF FINANCIAL POSITION
As at December 31, 2018
(Expressed in Canadian dollars)

December 31, 2018

ASSETS

Current

Cash	\$	98,276
Prepays and deposits		49,654
Total assets	\$	147,930

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity

Share capital (Note 4)		150,000
Stock options reserve		25,700
Deficit		(27,770)
Total shareholders' equity		147,930
Total liabilities and shareholders' equity	\$	147,930

Nature of operations (Note 1)

Basis of presentation (Note 2)

On behalf of the Board:

“ ”

Director

“ ”

Director

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

HANSTONE CAPITAL CORP.

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

	2018
EXPENSES	
Bank charges and foreign exchange	\$ 225
Legal	1,596
Office supplies and services	249
Stock-based compensation	<u>25,700</u>
Net loss for the period	<u>\$ 27,770</u>

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

HANSTONE CAPITAL CORP.**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

	Share Capital		Stock Options Reserve	Deficit	Total
	Number of Shares	Amount			
Balance, October 11, 2018	-	\$ -	\$ -	\$ -	\$ -
Common shares issued	3,000,000	150,000	-	-	150,000
Stock-based compensation	-	-	25,700	-	25,700
Loss for the period	-	-	-	(27,770)	(27,770)
Balance, December 31, 2018	3,000,000	150,000	\$ 25,700	\$ (27,770)	\$ 147,930

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

HANSTONE CAPITAL CORP.
STATEMENT OF CASH FLOWS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	\$ (27,770)
Adjustment for non-cash item:	
Stock-based compensation	25,700
Changes in non-cash working capital items:	
Prepays and deposits	<u>(49,654)</u>
Net cash used in operating activities	<u>(51,724)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from common shares issued	<u>150,000</u>
Net cash provided by financing activities	<u>150,000</u>
Change in cash during the period	98,276
Cash, beginning of period	<u>-</u>
Cash, end of period	<u>\$ 98,276</u>
Supplemental Cash Flow Information	
Interest paid	\$ -
Income taxes paid	\$ -

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

HANSTONE CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Hanstone Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on October 11, 2018.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a qualifying transaction under the auspices of the Capital Pool Company policies of the TSX Venture Exchange. The head office and principal business address of the Company is Suite 600 – 890 West Pender St., Vancouver, BC, V6C 1K4.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at December 31, 2018, the Company has not generated any revenues from operations and has an accumulated deficit of \$27,770. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were authorized for issue by the Audit Committee and Board of Directors on January ••, 2019.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

HANSTONE CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2018, the Company did not have any cash equivalents.

Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

HANSTONE CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

HANSTONE CAPITAL CORP.**NOTES TO THE FINANCIAL STATEMENTS**

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

Capital stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

HANSTONE CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

Provision and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

HANSTONE CAPITAL CORP.**NOTES TO THE FINANCIAL STATEMENTS**

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

In periods that the Company reports a net loss, basic per share amounts are the same as on a diluted basis as the result would be anti-dilutive.

Use of estimates and measurement uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

Future changes in accounting policiesIFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

The Company is currently assessing the impact of the adoption of IFRS 16.

4. PREPAID EXPENSES AND DEPOSITS

	December 31, 2018
Beadle & Raven LLP in Trust, legal retainer	\$ 38,404
Leede Jones Gable Inc., IPO retainer	11,250
Balance	\$ 49,654

HANSTONE CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY

Authorized share capital

Unlimited common shares, without par value.

Share issuances

On October 11, 2018, the Company issued 3,000,000 common shares at \$0.05 to the founding directors and officers of the Company for proceeds of \$150,000.

Stock options

On December 4, 2018 the Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX Venture Exchange requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

On December 4, 2018, the Company granted 600,000 stock options to directors and officers of the Company with an exercise price of \$0.10 per share expiring ten years from the date of listing of the Company's shares on the TSX Venture Exchange. The fair value of these options was calculated to be \$25,700 using the Black-Scholes Option Pricing Model using the following assumptions: expected life of the option: 10 years; expected volatility: 100%; expected dividend yield: 0%; and risk-free interest rate: 2.18%.

As at December 31, 2018, 600,000 stock options were exercisable and outstanding.

6. RELATED PARTY TRANSACTIONS

During the period ended December 31, 2018, the directors and officers of the Company subscribed for 3,000,000 common shares of the Company at a price of \$0.05 per share.

During the period ended December 31, 2018, there were no fees or payments incurred or paid to any of the directors or officers of the Company.

HANSTONE CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2018, the Company's financial instruments are comprised of cash. The fair values of these financial instruments approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2018, the fair value of cash held by the Company was based on level 1 of the fair value hierarchy.

The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. This risk is considered to be minimal.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. There are no current assets held in other currencies and therefore the foreign exchange risk is assessed as low.

HANSTONE CAPITAL CORP.**NOTES TO THE FINANCIAL STATEMENTS**

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2018, the Company's shareholders' equity was \$147,930. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses. Additional funds may be required to finance the Company's future business opportunities.

The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period ended December 31, 2018.

9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the identification and evaluation of assets or businesses with a view to completing a qualifying transaction under the auspices of the Capital Pool Company policies of the TSX Venture Exchange. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018
	\$
Loss before income taxes	(27,770)
Expected income tax (recovery)	(7,498)
Permanent differences	6,939
Change in valuation allowance	559
Total income tax recovery	-

HANSTONE CAPITAL CORP.**NOTES TO THE FINANCIAL STATEMENTS**

For the period from the date of incorporation on October 11, 2018 to December 31, 2018

(Expressed in Canadian dollars)

The significant components of the Company's deferred income tax assets that have not been included on the statement of financial position are as follows:

	2018
	\$
Deferred income tax assets:	
Non-capital loss carryforwards	559
	559
Valuation allowance	(559)
Net deferred tax assets	-

The tax pools relating to these deductible temporary differences expire as follows:

	Expiry Date Range
Temporary Differences	
Non-capital losses available for future period (Canada)	2038

CERTIFICATE OF COMPANY

Dated: January 28, 2019.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in British Columbia and Alberta and the regulations thereunder.

“Robert Quinn”
Robert Quinn
Chief Executive Officer

“Aris Morfopoulos”
Aris Morfopoulos
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Raymond Marks”
Raymond Marks
Director

“Bob Hans”
Bob Hans
Director

CERTIFICATE OF PROMOTER

Dated: January 28, 2019.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in British Columbia and Alberta and the regulations thereunder.

“*Bob Hans*”

Bob Hans
Promoter

CERTIFICATE OF AGENT

Dated: January 28, 2019.

To the best of our knowledge, information and belief, the foregoing 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 and Alberta and the regulations thereunder.

LEEDE JONES GABLE INC.

“Richard H. Carter”

By: Richard H. Carter

Senior Vice-President, General Counsel & Corporate Secretary