

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Alberta, British Columbia, Saskatchewan and Manitoba and the Yukon Territory and with the TSX Venture Exchange Inc. (the "Exchange") but has not yet become final for the purposes 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 Alberta, British Columbia, Saskatchewan, Manitoba and Yukon securities commissions.*

*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

February 23, 2018

### RED RIVER CAPITAL CORP. (a capital pool company)

**\$300,000**  
**3,000,000 Common Shares**

Price: \$0.10 per Common Share

Red River Capital Corp. (the "**Corporation**") hereby qualifies for distribution, through its agent, Canaccord Genuity Corp. (the "**Agent**"), 3,000,000 common shares of the Corporation ("**Common Shares**") at an issuance price of \$0.10 per Common Share for aggregate gross proceeds of \$300,000 (the "**Offering**"). The purpose of the Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereinafter 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 hereinafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 - *Capital Pool Companies* (the "**CPC Policy**"). The Corporation is a Capital Pool Company ("**CPC**"), as such term is defined in the CPC Policy. 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 hereafter defined, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "*Business of the Corporation*" and "*Use of Proceeds*".

	<u>Common Shares</u>	<u>Price to Public<sup>(1)</sup></u>	<u>Agent's Commission<sup>(2)</sup></u>	<u>Proceeds to Corporation<sup>(3)</sup></u>
Per Common Share	1	\$ 0.10	\$ 0.01	\$ 0.09
Total Offering <sup>(4) (5)</sup>	3,000,000	\$300,000	\$30,000	\$270,000

#### Notes:

- The offering price of the Common Shares hereunder was determined by negotiation between the Corporation and the Agent.
- A cash commission of 10% of the gross proceeds of the Offering will be paid to the Agent (the "**Agent's Commission**"). Additionally, the Corporation will pay the Agent a corporate finance fee of \$12,500 (plus applicable taxes) (the "**Corporate Finance Fee**"), half of which has already been paid and the remaining half will be deducted from the net proceeds payable to the Corporation upon closing of the Offering or upon termination of the Agent's engagement letter. The Agent has also been paid an expense retainer of \$7,500 (the "**Retainer**") and will be reimbursed by the Corporation for its expenses, including legal fees. The Agent and its designated sub-agents, if any, will also be granted the Agent's Warrants referred to below. See "*Plan of Distribution - Agency Agreement and Agent's Compensation*".
- The total costs of this issue are estimated at \$112,750, which includes legal and audit fees and other expenses of the Corporation estimated at \$34,500, the Agent's Corporate Finance Fee, expenses and legal fees (including applicable taxes and disbursements) estimated at \$52,500 (including estimated \$30,000 from the Offering Commission), the listing fee of \$15,750 (including applicable taxes) payable to the Exchange and estimated filing fees of \$10,000. See "*Use of Proceeds*".
- A total of 3,000,000 Common Shares are qualified for distribution hereunder. In addition, this prospectus qualifies for distribution the Agent's Warrants, and the grant of the Directors' and Officers' Options, as hereinafter defined. See "*Plan of Distribution*" and "*Directors' and Officers' Options*".
- Unless an amendment to the final prospectus is filed and the "principal regulator" under NP 11-202, as hereafter defined, (the "**Securities Regulatory Authority**") has issued a receipt for the amendment, the latest date that the distribution is to remain open is 90 days after the date of issuance of a receipt for the final prospectus by the Securities Regulatory Authority.

This Offering is made on a “commercially reasonable efforts” basis by the Agent and is subject to a subscription of 3,000,000 Common Shares for total gross proceeds to the Corporation of \$300,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of an agency agreement between the Corporation and the Agent (the “**Agency Agreement**”). If the subscription is not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the regulatory authorities and the Agent and persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Agent and its designated sub-agents, if any, will be granted non-transferable warrants (the “**Agent’s Warrants**”) which will entitle the holder to purchase up to such number of Common Shares equal to ten percent (10%) of the total number of Common Shares issued pursuant to the Offering, at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the Listing Date, as hereinafter defined. The Agent’s Warrants and the Common Shares issuable on exercise of the Agent’s Warrants are qualified for distribution under this prospectus. See “*Plan of Distribution*” and “*Options to Purchase Securities*”.

This prospectus also qualifies for distribution options to be granted to directors and officers of the Corporation (the “**Directors’ and Officers’ Options**”) at the Closing. The Directors’ and Officers’ Options will entitle the holders to purchase an aggregate of 10% of the number of Common Shares that will be outstanding immediately after Closing (550,000 Common Shares) at a price of \$0.10 per Common Share and such options may be exercised for a period of 5 years from the date of grant. See “*Plan of Distribution*” and “*Options to Purchase Securities*”.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent’s Warrants and the grant of Directors’ and Officers’ Options, trading in all securities of the Corporation is prohibited during the period between the date that the receipt for this preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to Multilateral Instrument 11-102 – *Passport System* (“**MI 11-102**”) and National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* (“**NP 11-202**”) 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 authority(ies) grants a discretionary order.

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

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

**There is currently no market through which the Common Shares offered by this prospectus may be sold and purchasers may not be able to resell the Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation.** Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues per Common Share) of approximately \$0.02 per Common Share or 22%. The Corporation was only recently formed and has no active business and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. **Although the Corporation has commenced the process of identifying potential acquisitions, to date, the Corporation has not identified any potential acquisitions and may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic.** The Corporation has not entered into an Agreement in Principle, as hereafter defined. The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographic restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located

outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment. The Corporation will be in competition with other entities with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the Listing Date, as hereinafter defined. The Commissions may issue a cease trade order if the Corporation is delisted from the Exchange. In addition, delisting of the Common Shares may result in the cancellation of all or some of the Common Shares of the Corporation owned by Insiders, as hereinafter defined, issued prior to this Offering. Investors must rely solely on the expertise of the Corporation's Promoter, as hereinafter defined, directors and officers for any possible return on their investment. The Corporation's Promoter, directors, officers and Control Persons, as hereinafter defined, and their Associates, as hereinafter defined, and Affiliates, as hereinafter defined, as a group, beneficially own or control, directly or indirectly, 2,500,000 Common Shares, which represents approximately 100% of the issued and outstanding Common Shares before giving effect to this Offering and approximately 45% of the issued and outstanding Common Shares after giving effect to this Offering. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "*Capitalization*", "*Dilution*", "*Business of the Corporation*", "*Directors, Officers and Promoters*", "*Use of Proceeds*", "*Conflicts of Interest*", and "*Risk Factors*".

The Agent conditionally offers these Common Shares, on a "commercially reasonable efforts" agency basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters by Borden Ladner Gervais LLP, on behalf of the Corporation and by Dentons Canada LLP, on behalf of the Agent.

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 60,000 (\$6,000) of the total Common Shares offered under this prospectus. 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% or 120,000 (\$12,000) of the total number of Common Shares offered under this prospectus.

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 the Common Shares sold under the Offering will be issued on an uncertificated basis. A purchaser of Common Shares will receive only a customer confirmation from the registered dealer from or through which the Common Shares were purchased as to the number of Common Shares subscribed for. See "*Depository Services*".

**Agent for the Offering:**

**Canaccord Genuity Corp.  
520 3<sup>rd</sup> Avenue SW Suite 2400  
Calgary, Alberta T2P 0R3  
Tel: (403) 508-3841  
Fax: (403) 508-3866**

## TABLE OF CONTENTS

Page Number

GLOSSARY .....	2
PROSPECTUS SUMMARY .....	8
THE CORPORATION .....	10
BUSINESS OF THE CORPORATION .....	10
Preliminary Expenses .....	10
Proposed Operations until Completion of a Qualifying Transaction .....	10
Method of Financing .....	10
Criteria for a Qualifying Transaction.....	10
Filings and Shareholder Approval of a Non Arm’s Length Qualifying Transaction .....	11
Initial Listing Requirements .....	11
Trading Halts, Suspensions and Delisting .....	11
Refusal of Qualifying Transaction.....	12
USE OF PROCEEDS .....	13
Proceeds and Principal Purposes .....	13
Permitted Use of Funds .....	14
Restrictions on Use of Proceeds .....	14
Private Placements for Cash .....	15
Prohibited Payments to Non Arm’s Length Parties .....	15
PLAN OF DISTRIBUTION .....	15
Agency Agreement and Agent’s Compensation .....	15
Commercially Reasonable Efforts Offering .....	16
Other Securities to be Distributed.....	16
Determination of Price.....	16
Listing of the Common Shares .....	16
Subscriptions by the Aggregate Pro Group.....	17
Restrictions on Trading .....	17
DESCRIPTION OF THE SECURITIES DISTRIBUTED.....	18
Common Shares.....	18
Preferred Shares.....	18
CAPITALIZATION .....	18
OPTIONS TO PURCHASE SECURITIES .....	19
PRIOR SALES .....	20
ESCROWED SECURITIES .....	20
Escrowed Securities on Qualifying Transaction.....	21
Escrowed Securities on Private Placement .....	22
PRINCIPAL SHAREHOLDERS.....	22
DIRECTORS, OFFICERS AND PROMOTERS.....	23
Name, Municipality, Occupation, Security Holding and Involvement with Other Reporting Issuers .....	23
Corporate Cease Trade Orders or Bankruptcies.....	25
Penalties or Sanctions.....	26
Personal Bankruptcies .....	26
Conflicts of Interest .....	26
Executive Compensation .....	26
PROMOTER.....	27
DILUTION .....	27
RISK FACTORS .....	27
LEGAL PROCEEDINGS.....	28
RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS .....	28
AUDITOR, TRANSFER AGENT AND REGISTRAR .....	29
MATERIAL CONTRACTS .....	29
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	29
DIVIDEND POLICY.....	29
ELIGIBILITY FOR INVESTMENT .....	29
PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....	30
FINANCIAL STATEMENTS.....	F-1
CERTIFICATE OF THE CORPORATION.....	C-1
CERTIFICATE OF THE PROMOTER .....	C-1
CERTIFICATE OF THE AGENT .....	C-2

## 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 [●], 2018 between the Corporation and the Agent.

“**Agent**” means Canaccord Genuity Corp. at its office in the City of Calgary, in the Province of Alberta.

“**Agent’s Warrants**” means the non-transferable compensation warrants to be granted by the Corporation to the Agent or its designated sub-agents, if any, entitling the Agent and any sub-agents to purchase such number of Common Shares equal to 10% of the number of Common Shares sold pursuant to the Offering at an exercise price of \$0.10 per Common Share, and which may be exercised for a period of 24 months from 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 Issuer to provide financing sponsorship and 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, means:

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

- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (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 that Person or of his spouse who has the same residence as that Person;

but:

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

**“Closing”** means the completion of the Offering.

**“Commissions”** means the Alberta Securities Commission, the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Manitoba Securities Commission and the Superintendent of Securities, the Government of Yukon.

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

**“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 that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting 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.

**“Corporation”** means Red River Capital Corp., a corporation incorporated under the *Business Corporations Act* (Alberta) having its registered office in the City of Calgary, in the Province of Alberta.

**“CPC”** means a corporation:

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

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

**“Directors’ and Officers’ Options”** means options to be granted at the completion of the Offering to directors and officers of the Corporation which options shall entitle the holders to purchase up to an aggregate of 550,000 Common Shares at an exercise price of \$0.10 per Common Share and which options may be exercised for a period of 5 years from the date of grant.

**“Escrow Agreement”** means the escrow agreement dated [●] among the Corporation, the Transfer Agent and certain shareholders of the Corporation.

“**Exchange**” or “**TSXV**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange bulletin 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.

“**Initial Listing Requirements**” means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

“**initial public offering**” or “**IPO**” means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

“**Insider**” if used in relation to an Issuer, means:

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

“**Issuer**” means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

“**Listing Date**” means the date of listing of the Common Shares on the Exchange.

“**Majority of the Minority Approval**” means the approval of the 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**” means a Person who has executed the Members’ Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

“**Members’ Agreement**” means the members’ agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

“**NEX**” means the market on which former Exchange and Toronto Stock Exchange Issuers that do not meet Exchange tier maintenance requirements for tier 2 Issuers may continue to trade.

**“Non Arm’s Length Party”** means:

- (a) 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; and
- (b) 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 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 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 to be the subject of the proposed Qualifying Transaction.

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

**“Person”** means a Company or individual.

**“Principal”** means:

- (a) a Person who acted as a Promoter of the Issuer within two years or their respective Associates or Affiliates before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a 10% holder - a Person that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - (i) 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 in which more than 50% ownership is held by one or more Principals will be treated as a Principal (in calculating this percentage, securities of the entity that may be issued to the Principals under outstanding convertible securities include in both the Principals’ securities of the entity and the total securities of the entity outstanding). Any securities of the Corporation 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 Corporation that such entity holds 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).
- (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 is 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.

**"Promoter"** has the meaning ascribed to it in section 1(rr) of the *Securities Act* (Alberta).

**"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.

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

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

**"SEDAR"** means System for Electronic Document Analysis and Retrieval.

**"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.

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

**"Stock Option Plan"** means the Corporation's incentive stock option plan as amended from time to time.

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

**"Transfer Agent"** means TSX Trust Company.

**“Vendor”** or **“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 this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

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

**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 addition, the Corporation will issue to the Agent and its designated sub-agents, if any, the Agent’s Warrants to purchase up to that number of Common Shares equal to 10% of the aggregate Common Shares sold pursuant to the Offering, being 300,000 Common Shares, at an exercise price of \$0.10 per Common Share which will be exercisable for a period of 24 months from the Listing Date. The grant of the Agent’s Warrants is qualified under this prospectus. The Corporation also intends to grant Directors’ and Officers’ Options to purchase up to an aggregate of 550,000 Common Shares to directors and officers under the Corporation’s Stock Option Plan. The grant of all of Directors’ and Officers’ Options is also qualified under this prospectus. See “*Plan of Distribution*” and “*Directors’ and Officers’ Options*”.

**Use of Proceeds:** The net proceeds to the Corporation, including total cash proceeds raised prior to this Offering and total proceeds of the Offering, net of all expenses of the Offering, including the Agent’s Commission, will be \$312,250, which calculation includes the gross cash proceeds raised prior to this Offering. The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating businesses or assets. See “*Use of Proceeds*”, “*Business of the Corporation*” and “*Risk Factors*”.

**Directors and Officers**

Julian Klymochko	-	Director, Chief Executive Officer
Michael Kesslering	-	Director, Chief Financial Officer, Corporate Secretary
David McGoey	-	Director
Jason Krueger	-	Director

Julian Klymochko can be considered to be a Promoter of the Corporation. See “*Directors, Officers, and Promoters*” and “*Promoter*”.

**Escrowed Securities:** All of the currently issued and outstanding Common Shares of the Corporation, being 2,500,000 Common Shares, have been 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 Corporation's business and its present stage of development. The Corporation 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 Corporation and can afford to risk the loss of their entire investment.** The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of approximately 22% or \$0.02 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and 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 "*Business of the Corporation*", "*Directors, Officers and Promoters*", "*Capitalization*", "*Dilution*", "*Risk Factors*" and "*Conflicts of Interest*".

## THE CORPORATION

The Corporation was incorporated on December 20, 2017 by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta). On [●] the Articles of Incorporation were amended and restated to remove the private company restrictions set forth therein.

The head office and registered office of the Corporation is located at 1900, 520 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, T2P 0R3.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

To date the Corporation has raised \$125,000 through the sale of 2,500,000 Common Shares (see “*Prior Sales*” and “*Capitalization*”). As of the date hereof, the Corporation has paid \$6,250 (plus applicable taxes) to the Agent representing half of the Corporate Finance Fee and a \$7,500 retainer paid to the Agent toward its legal fees, expenses and disbursements. In addition, the Corporation has paid a deposit of \$2,625 (plus applicable taxes) to the Exchange towards the initial listing fee. Certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including any additional expenses of its auditor, legal expenses and the Agent’s legal counsel. See “*Use of Proceeds*”.

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations. The Corporation has not yet identified the particular industry sector in which it intends to pursue a Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential 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 “*Permitted Use of Finds*”, “*Restrictions on Use of Proceeds*” and “*Private Placement for Cash*”, the funds raised pursuant to this 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 Corporation has not yet entered into an Agreement in Principle.

### Method of Financing

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

### Criteria for a Qualifying Transaction

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada, as permitted by the CPC Policy. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals and to the expertise and experience of the directors. The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and

will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

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

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's 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 Corporation 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 Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2, as the case may be, of the Exchange. Upon acceptance by the Exchange, the Corporation must then either:

1. 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
2. mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

Unless waived by the Exchange, the Corporation 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 Corporation 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 Corporation from completing a reverse takeover for a period of one year from the Completion of the Qualifying Transaction.

### **Initial Listing Requirements**

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, Suspensions 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, completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the issuer or its remaining assets in some other manner. See "*Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction.*"

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing on NEX rather than be delisted. In order to be eligible to a list on NEX the Corporation must:

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

If the Corporation lists on the NEX, the Corporation must continue to comply with all the 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) a Member firm of the Exchange;

- (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; 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 be received by the Corporation from the sale of all the Common Shares offered by this prospectus will be \$300,000. The gross proceeds received by the Corporation from the sale of Common Shares prior to the date of this prospectus was \$125,000. It is estimated that in aggregate, \$112,750 will be deducted from the aggregate gross proceeds of \$425,000 in respect of the expenses and costs of this issued including, legal, accounting, printing, regulatory fees and the Agent's Commission. Following the completion of the Offering, it is estimated that the Corporation will have \$312,250 available to it.

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

Gross cash proceeds raised prior to this Offering (Seed Shares) <sup>(1)</sup>	\$125,000
Expenses and costs relating to raising Seed Share cash proceeds	nil <sup>(2)</sup>
Gross cash proceeds to be raised pursuant to this Offering	\$300,000
Estimated expenses and costs relating to this Offering <sup>(3)</sup>	\$112,750
<b>Estimated funds available on completion of the Offering<sup>(4)</sup></b>	<b>\$312,250</b>
Funds available for identifying and evaluating assets or business prospects <sup>(4) (5)</sup>	\$262,250
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$50,000
Total net proceeds	<b>\$312,250</b>

**Notes:**

- (1) See "Prior Sales".
- (2) No costs have been allocated towards the issuance of these shares. See the Corporation's balance sheet as at January 31, 2018.
- (3) Includes listing and filing fees, the Agent's Commission, the Corporate Finance Fee, the Agent's legal fees and other disbursements and expenses and the Corporation's legal, audit fees and printing expenses.
- (4) In the event, and to the extent, the Agent exercises the Agent's Warrants or the directors or officers exercise the Directors' and Officers' Options, there will be available to the Corporation a maximum of an additional \$30,000 on the exercise of the Agent's Warrants and a maximum of an additional \$55,000 on the exercise of the Directors' and Officers' Options, which will be added to the working capital of the Corporation. There is no assurance that the foregoing options will be exercised.
- (5) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$312,250 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 Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest bearing accounts of Canadian chartered banks, trust companies or credit unions.

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

### **Permitted Use of Funds**

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 Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

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

- (a) valuations or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering or geological reports;
- (f) financial statements, including audited financial statements;
- (g) fees for legal and accounting services; and
- (h) Agents' 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, the obtaining of shareholder approval for the Corporation'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 Corporation 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 a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000 will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "*Permitted Uses of Funds*", listed above, 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 Corporation, 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 Funds*”.

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 Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the completion of a Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$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 the private placement to Non Arm’s Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

### **Prohibited Payments to Non Arm’s Length Parties**

Except as described under “*Directors’ and Officers’ Options*” and “*Restrictions on Use of Proceeds*”, the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm’s Length Party to the Corporation or a Non Arm’s Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, 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 a Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm’s Length Party to the Corporation 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 Corporation or in the case of a law firm, no member of the firm owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm’s Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in “*Permitted Use of Funds*”.

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**

### **Agency Agreement and Agent’s Compensation**

Pursuant to the Agency Agreement the Corporation has appointed the Agent as its agent to offer for sale on a “commercially reasonable efforts” basis to the public 3,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$300,000, subject to the terms and conditions of the

Agency Agreement. The Agent and its designated sub-agents, if any, will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares, which equals \$30,000 for the Offering. In addition, the Agent will be paid a Corporate Finance Fee of \$12,500 (plus applicable taxes), of which \$6,250 has already been paid. The Corporation will also pay the Agent's expenses, including legal fees, towards which a retainer of \$7,500 has already been paid.

The Corporation has also agreed to grant to the Agent and its designated sub-agents, if any, the Agent's Warrants to purchase 300,000 Common Shares representing 10% of the total number of Common Shares sold to the public pursuant to the Offering 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 Agent's Warrants are qualified under this prospectus for distribution. Not more than 50% of the aggregate number of Common Shares which can be acquired on the exercise of the entire Agent's Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use commercially reasonable efforts to secure subscriptions for Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **Commercially Reasonable Efforts Offering**

The total Offering is for 3,000,000 Common Shares at a price of \$0.10 per share for total gross proceeds of \$300,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% or 60,000 of the total number of Common Shares under the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% or 120,000 of the total number of Common Shares under the Offering. The funds received from the Offering will be deposited with the Agent, and will not be released until proceeds of \$300,000 have been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by the regulatory authorities and the Agent and persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

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

The Corporation also proposes to grant Directors' and Officers' Options to purchase up to 550,000 Common Shares to current directors and officers in accordance with the policies of the Exchange. The grant of all of the Directors' and Officers' Options is qualified for distribution under this prospectus and entitles the holders of the Directors' and Officers' Options to purchase an aggregate of 550,000 Common Shares at an exercise price of \$0.10 per Common Share for a period of five years from the date of grant.

### **Determination of Price**

The offering price of the Common Shares hereunder was determined by negotiation between the Corporation and the Agent.

### **Listing of the Common Shares**

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

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

### **Subscriptions by the Aggregate Pro Group**

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under this Prospectus; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this Prospectus. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this Prospectus are being held in escrow pursuant to CPC Policy.

The Agent has advised the Corporation that to the best of its knowledge and belief, none of its directors, officers, employees or contractors or any Associate or Affiliate of the Agent have subscribed for Common Shares of the Corporation.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the Aggregate Pro Group, including participants referred to above, is 20% of the issued and outstanding Common Shares 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*. Such participants are permitted to subscribe for Common Shares pursuant to this Offering, subject to (i) compliance with any applicable client priority rule, and (ii) the restrictions applicable to all purchasers to the Offering described under “*Plan of Distribution – Commercial Reasonable Efforts Offering*”.

### **Restrictions on Trading**

Other than the initial public offering of the Common Shares pursuant to this prospectus, the grant of the Agent’s Warrants and the grant of the Directors’ and Officers’ Option to the directors and officers of the Corporation, no securities of the Corporation will be permitted to be issued during the period between the date(s) a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to MI 11-102 and NP 11-202 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.

### **Right of First Refusal**

For a period from execution of the Agent’s engagement letter dated January 29, 2018 to 6 months from the date that the Corporation completes its Qualifying Transaction, the Agent shall be provided with the exclusive right and opportunity to act as agent for any brokered offering of equity securities including a debt financing where such debt is capable of being converted into equity securities of the Corporation to be issued and sold in Canada by private placement or public offering or to provide professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer. If the Corporation is intending to proceed with any such issuance or has received a proposal for any such issuance, the Corporation shall provide to the Agent notice of the proposed terms thereof (including the fees and/or commissions payable to that agent) and the Agent shall have an opportunity to respond to the Corporation that the Agent is desirous of acting as agent, or participating as the case may be, in such offering on behalf of the Corporation on the terms and conditions contained therein. If the Agent declines, in writing, the Corporation may proceed with such offering through another agent or underwriter, provided the arrangements with such agent or underwriter are entered into within 30 days thereafter (it being acknowledged and agreed by the Agent that if the Corporation issues any securities to which the foregoing would apply, but does not retain or utilize a registered dealer as agent therefore, the foregoing shall not apply to such issuance, unless any of the subscribers to the issuance of such securities is a subscriber or beneficial purchaser of Units pursuant to the Offering).

## DESCRIPTION OF THE SECURITIES DISTRIBUTED

### Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 2,500,000 Common Shares are issued and outstanding as fully paid and non-assessable and 3,000,000 Common Shares are reserved for issuance under this prospectus, 300,000 Common Shares will be reserved for issuance to the Agents and sub-agents, if any, pursuant to the exercise of the Agent's Warrants and 550,000 Common Shares are reserved for issuance to directors and officers pursuant to the exercise of the Directors' and Officers' Options. See "*Plan of Distribution*" and "*Options to Purchase Securities*".

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, subject to the prior rights of any other class of shares of the Corporation. They are also entitled to receive notice of, to attend and to one vote per share at, meetings of the shareholders of the Corporation and, upon liquidation, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property and assets of the Corporation. All Common Shares outstanding after completion of this Offering will be fully paid and non-assessable.

### Preferred Shares

The Corporation is authorized to issue an unlimited number of non-voting preferred shares (the "**Preferred Shares**") without nominal or par value. The Preferred Shares may be issued from time to time in one or more series, each consisting of a number of Preferred Shares as determined by the board of directors of the Corporation which also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. There are no Preferred Shares issued and outstanding. The Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Preferred Shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The holders of Preferred Shares are not entitled to receive notice or, attend or vote at any meetings of the shareholders of the Corporation.

In connection with the Closing, the Corporation also intends to issue the Agent's Warrants and the Directors' and Officers' Options, see "*Options to Purchase Securities*".

## CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount Outstanding as of January 29, 2018 <sup>(1)</sup></u>	<u>Amount Outstanding as of the date hereof <sup>(2)</sup></u>	<u>Amount Outstanding After Giving Effect to this Offering <sup>(3)(4)</sup></u>
Common Shares	unlimited	\$125,000 (2,500,000 Common Shares)	\$125,000 (2,500,000 Common Shares)	\$425,000 (5,500,000 Common Shares)
Preferred Shares	unlimited	nil	nil	nil

#### Notes:

- (1) As of January 29, 2018, the Corporation had not commenced operations.
- (2) There has been no material change in the share and loan capital of the Corporation since the most recent balance sheet contained in the prospectus.
- (3) Immediately after closing this Offering, the Corporation plans to grant to officers and directors the Directors' and Officers' Options to purchase an aggregate of 550,000 Common Shares at \$0.10 per share pursuant to the Corporation's Stock Option Plan, which options shall expire five years from the date of grant, and has reserved an aggregate of 300,000 Common Shares at \$0.10 per share pursuant to the Agent's Warrants that expires 24 months from the date of listing of the Common Shares. See "*Plan of Distribution*".
- (4) Funds estimated available upon completion of the Offering are expected to amount to \$312,250, which is net of the \$112,750 estimated expenses of the Offering. See "*Use of Proceeds*".

## OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (the “**Stock Option Plan**”) which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Stock Option Plan shall not exceed 10% of the Common Shares of the Corporation issued and outstanding at the closing of the Corporation’s initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to: (a) any individual will not exceed 5% of the issued and outstanding Common Shares; and (b) all consultants will not exceed 2% of the issued and outstanding Common Shares. In addition, the Stock Option Plan provides that no more than 5% of the issued shares of the Corporation will be granted to any individual in any 12 month period; no more than 2% of the issued shares of the Corporation will be granted to any one consultant in any 12 month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements; and no more than an aggregate of 2% of the issued share of the Corporation will be granted to an employee conducting investor relations activities in any 12 month period. As required by the CPC Policy, the Corporation, as long as it is a CPC, will not grant options to any person providing investor relations activities, promotional or market-making services. 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 Corporation, provided that if the cessation of office, employment, directorship, or 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 under the Stock Option Plan 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*”.

Pursuant to the Stock Option Plan, immediately after closing this Offering, the board of directors of the Corporation intends to grant the Directors’ and Officers’ Options as follows:

<u>Optionee</u>	<u>Number of Common Shares Under Option</u>	<u>Exercise Price Per Common Share</u>	<u>Expiry Date</u>
Julian Klymochko	275,000	\$0.10	5 years from the date of grant
David McGoey	137,500	\$0.10	5 years from the date of grant
Michael Kesslering	27,500	\$0.10	5 years from the date of grant
Jason Krueger	110,000	\$0.10	5 years from the date of grant
Total	<u>550,000</u>		

Pursuant to the terms of the Agency Agreement, upon closing this Offering, the board of directors of the Corporation intends to grant the Agent’s Warrants to the Agent and its designated sub-agents, if any.

<u>Optionee</u>	<u>Number of Common Shares Under Option</u>	<u>Exercise Price Per Common Share</u>	<u>Expiry Date from Listing Date</u>
Canaccord Genuity Corp.	300,000	\$0.10	24 months

The 550,000 Directors’ and Officers’ Options to be granted immediately after closing this Offering and the Agent’s Warrants (subject to regulatory approval) are qualified for distribution pursuant to this prospectus.

### PRIOR SALES

Since the date of incorporation of the Corporation, 2,500,000 Common Shares have been issued and are currently outstanding as follows:

<u>Date</u>	<u>Number of Common Shares</u>	<u>Issue Price Per Share</u>	<u>Aggregate Issue Price</u>	<u>Consideration Received</u>
January 10, 2018	2,500,000 <sup>(1)</sup>	\$0.05	\$125,000	cash

**Notes:**

(1) These Common Shares are being held in escrow. See “*Escrowed Securities*”.

### ESCROWED SECURITIES

All of the 2,500,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share, all Common Shares that may be acquired from treasury by Non Arm’s Length Parties of the Corporation either under the Offering or otherwise prior to 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 TSX Trust Company under the Escrow Agreement.

All Common Shares acquired on exercise of stock options prior to the Completion of a Qualifying Transaction must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a 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 Corporation held by Principals of the Resulting Issuer will also be escrowed.

Notwithstanding the foregoing, Common Shares acquired by Principals of the Corporation or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met. See “*Escrowed Securities on Private Placement*”.

The following table sets out, as at the date hereof, the number of Common Shares of the Corporation, which will be held in escrow.

<u>Name and Municipality of Residence of Shareholder</u>	<u>Number of Common Shares Escrowed</u>	<u>Percentage of Common Shares of the Corporation Prior to Giving Effect to the Offering</u>	<u>Percentage of Common Shares of the Corporation After Giving Effect to the Offering<sup>(1)</sup></u>
Julian Klymochko, Calgary, AB	1,000,000	40%	18.2%
David McGoey, Calgary, AB	500,000	20%	9.1%
Michael Kesslering, Calgary, AB	100,000	4%	1.8%
Jason Krueger, Calgary, AB	400,000	16%	7.3%
Aoi Maru Corp. <sup>(2)</sup> Calgary, AB	500,000	20%	9.1%

**Notes:**

(1) Assuming no Common Shares are purchased by these persons under the Offering.

- (2) Robb McNaughton is a director and officer of Aoi Maru Corp., a company incorporated under the laws of Alberta, and is the beneficial holder of 100% of the voting shares of Aoi Maru Corp.

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a “**holding company**”), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities 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 the dates 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 Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed to 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 Corporation; or
- (b) if the Corporation lists on NEX, either:
  - (i) cancel all Seed Shares purchased by Non Arm’s Length Parties to the Corporation at a discount from the IPO 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 Corporation so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

### **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 (the “**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 6 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 a three year 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.

#### **Escrowed Securities on Private Placement**

Securities issued pursuant to a private placement to Principals of the Corporation 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 Corporation or the proposed Resulting Issuer,
  - (ii) if subscribers, other than Principals of the Corporation 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 own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof:

<b>Name and Municipality of Residence of Shareholder</b>	<b>Type of Ownership</b>	<b>Number of Shares</b>	<b>Percentage of Shares Owned Before Offering</b>	<b>Percentage of Shares Owned After Offering<sup>(1)(2)</sup></b>
Julian Klymochko Calgary, AB	Of Record	1,000,000	40%	18.2%

<b>Name and Municipality of Residence of Shareholder</b>	<b>Type of Ownership</b>	<b>Number of Shares</b>	<b>Percentage of Shares Owned Before Offering</b>	<b>Percentage of Shares Owned After Offering<sup>(1)(2)</sup></b>
David McGoey, Calgary, AB	Of Record	500,000	20%	9.1%
Jason Krueger, Calgary, AB	Of Record	400,000	16%	7.3%
Aoi Maru Corp. <sup>(3)</sup> Calgary, AB	Of Record	500,000	20%	9.1%

**Notes:**

- (1) Assuming that no Common Shares are purchased by these persons under the Offering.
- (2) On a fully diluted basis, assuming the exercise of all of the Agent's Warrants and all of the Directors' and Officers' Options to be granted to the directors and officers of the Corporation pursuant to the Stock Option Plan, Julian Klymochko would own 20.0% of the Common Shares, David McGoey would own 10.0% of the Common Shares, Jason Krueger would own 8.0% of the Common Shares and Aoi Maru Corp. would own 2.6% of the Common Shares after giving effect to the Offering.
- (3) Robb McNaughton is a director and officer of Aoi Maru Corp., a company incorporated under the laws of Alberta, and is the beneficial holder of 100% of the voting shares of Aoi Maru Corp.

### **DIRECTORS, OFFICERS AND PROMOTERS**

#### **Name, Municipality, Occupation, Security Holdings and Involvement with Other Reporting Issuers**

The following is a list of the current directors, officers and Promoter of the Corporation, their municipalities of residence, their current positions with the Corporation, and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised:

<b>Name &amp; Municipality of Residence</b>	<b>Positions and Offices Held</b>	<b>Common Shares Held</b>	<b>Percentage of Shares Owned Before Offering</b>	<b>Percentage of Shares Owned After Offering<sup>(1)(2)</sup></b>
Julian Klymochko Calgary, AB	Director, Chief Executive Officer and Promoter	1,000,000	40%	18.2%
David McGoey <sup>(3)</sup> Calgary, AB	Director	500,000	20%	9.1%
Michael Kesslering <sup>(3)</sup> Calgary, AB	Director, Chief Financial Officer, Corporate Secretary	100,000	4%	1.8%
Jason Krueger <sup>(3)</sup> Calgary, AB	Director	400,000	16%	7.3%

**Notes:**

- (1) Assuming that no Common Shares are purchased by these persons under the Offering.
- (2) The listed individuals will be granted Directors' and Officers' Options to purchase an aggregate of 550,000 Common Shares. See "Directors' and Officers' Options".
- (3) A member of the audit committee.

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

Each of the directors and officers will devote the time considered necessary to perform the work required in connection with the management and direction of the Corporation and completion of the Qualifying Transaction.

*Julian Klymochko, Director, Chief Executive Officer*

Mr. Klymochko (age 34) has, since August 2009, been the Chief Investment Officer of Ross Smith Asset Management ULC. He was previously an analyst at BMO Capital Markets between June 2007 and August 2009. He attended University of Manitoba where he graduated with Bachelors degree of Science (Engineering) and a Bachelors degree of Science (Finance). He is also a Chartered Financial Analyst charterholder.

Mr. Klymochko will devote the time necessary to perform the work required in connection with the management of the Trust and completion of the Qualifying Transaction.

*Michael Kesslering, Director, Chief Financial Officer, Corporate Secretary*

Mr. Kesslering (age 27) is an Associate Portfolio Manager at Ross Smith Asset Management, a Calgary-based alternative investment management firm specializing in hedge funds and cryptocurrencies. At Ross Smith, Mr. Kesslering is involved in trade execution and investment analysis for the hedge funds and cryptocurrency fund. Prior to Ross Smith, Mr. Kesslering's experience was in investment banking with FirstEnergy Capital. He attended the University of Regina where he graduated with a Bachelor of Business Administration (Distinction), majoring in Finance.

*David McGoey, Director*

Mr. McGoey (age 64) has been chief financial officer of public companies on an interim and part term basis including Yellowhead Mining Inc, Swan Hills Energy Limited Partnership, Cadomin Capital Corporation and CMQ Resources Inc.. Mr. McGoey has served as President of David M McGoey Professional Corporation, his personal consulting corporation since April 1994. Mr. McGoey was chairman of the audit committees of Destiny Resource Services Corp from 2003 to 2009, WIN Energy Corporation from 2006 to 2007 and has been audit committee chairman for Tesla Exploration Inc. from 2010 to July 2016. Mr. McGoey has been president, chief financial officer and director of several private companies and has over 35 years of public accounting experience. He obtained a Bachelor of Commerce (Honours) from the University of Manitoba, and the following designations: Certified Management Accountant (resigned in 1987), Chartered Accountant, Certified Public Accountant (Illinois) and the Institute of Corporate Directors.

*Jason Krueger, Director*

Mr. Krueger (age 48) has been a director of, and held senior executive positions with several listed companies in a range of industries. He presently serves as President and Chief Executive Officer of CBWC Foundation, where he oversees investment and loan portfolios, and leads fundraising efforts. Prior thereto, he was Executive Vice President and Director of Leader Energy Services, an oilfield services company that was listed on the TSXV Exchange. Prior thereto, Mr. Krueger was President of Redwood Capital Corporation, a corporate finance consultancy and a director at Essex Angel Capital Corp. from 2010 to 2014. Mr. Krueger obtained a Bachelor of Commerce degree from the University of Calgary in 1992, and was awarded the Chartered Financial Analyst designation in 2001. He is presently completing graduate studies at the University of Guelph.

*Other Reporting Issuer Experience*

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

<b>Name of Director, Officer or Promoter</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>Term</b>
Jason Krueger	Triox Limited	TSXV	Director	August 2011 to October 2014
	Big Five Capital Corp.	TSXV	Director	May 2011 to November 2013

<b>Name of Director, Officer or Promoter</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>Term</b>
	Essex Angel Capital Corp.	TSXV	Director	February 2010 to October 2014
	Enterprise Group, Inc.	TSX	Director	March 2008 to September 2011
	Summus Capital Corp.	TSXV	President, CEO and Director	December 2007 to February 2011
	Leader Energy Services Ltd.	TSXV	Director	October 2004 to February 2015
	Vier Capital Corp.	TSXV	President & Director	September 2014 to October 2017
	Gold Horn International Enterprises Group Limited	TSXV	Director	December 2014 to date
David McGoey	Destiny Resources Services Corp.	TSX	Director	September 2003 to July 2009
	CMQ Resources Inc.	NEX	CFO	December 2003 to July 2014
	WIN Energy Corporation	TSXV	VP Finance & Director	May 2004 to December 2007
	Swan Hills Corporation	TSXV	VP Finance & Director	May 2004 to December 2007
	Cadomin Capital Corporation	NEX	CFO	July 2009 to December 2012
	Tesla Exploration Inc.	TSX	Director	April 2010 to July 2016
	Vier Capital Corp.	TSXV	CFO & Director	April 2014 to March 2017
	Yellowhead Mining Inc.	TSXV	CFO	January 2016 to present

### **Corporate Cease Trade Orders or Bankruptcies**

Other than otherwise disclosed herein, no director, officer, Insider or Promoter of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is or has within the 10 years before the date of the prospectus been a director, officer, Insider or Promoter of any other Issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became a bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Jason Krueger was a director of Leader Energy Services Ltd. (“**Leader**”), a TSXV listed oilfield services company, from 2004 and Executive Vice President from June 2011 until February 2015. On February 20, 2015, Leader filed a notice of intention to file a proposal in accordance with section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3. Leader did not file a proposal and as such Leader was deemed to be bankrupt on August 20, 2015.

Mr. David McGoey was a director of Tesla Exploration Ltd. (“**Tesla**”) and resigned on July 25, 2016. Tesla was placed into receivership by its Canadian credit facility lender on July 25, 2016.

### **Penalties or Sanctions**

No director, officer, Insider or Promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has 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 has 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.

### **Personal Bankruptcies**

No director, officer, Insider or Promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons, has, within the 10 years preceding the date of this prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

### **Conflicts of Interest**

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

### **Executive Compensation**

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

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

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"). There have been no reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation will also be granted Directors' and Officers' Options. See "Plan of Distribution" and "Options to Purchase Securities".

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

### **PROMOTER**

Julian Klymochko may be considered to be the Promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Klymochko will be granted 275,000 Directors' and Officers' Options pursuant to the Stock Option Plan. See "*Principal Shareholders*" and "*Directors' and Officers' Options*".

### **DILUTION**

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of approximately 22% or \$0.02 per Common Share on the basis of there being 5,500,000 Common Shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation.

### **RISK FACTORS**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The following are risk factors associated with the Corporation:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by this prospectus is highly speculative given the proposed nature of the Corporation's business and present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 22% or \$0.02 per Common Share;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of a 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 the Minority Approval;

- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other 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 entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and
- (q) subject to prior acceptance by the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

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

### **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

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

Certain legal matters relating to this Offering will be passed upon by Borden Ladner Gervais LLP, on behalf of the Corporation, and by Dentons Canada LLP on behalf of the Agent. Robb McNaughton, who is a partner with the law firm, Borden Ladner Gervais LLP, currently holds 500,000 Common Shares through his company Aoi Maru Corp.

Other than as set forth herein: a) no Person whose profession or business gives authority to a statement made by such Person and who is named in this prospectus has received or shall receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation; and b) as at the date hereof, the aforementioned Persons beneficially own, directly or indirectly, no securities of the Corporation or its Associates and Affiliates. In addition, other than as set forth above, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a Promoter of the Corporation or of an Associate or Affiliate of the Corporation.

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

The auditor of the Corporation is MNP LLP, Chartered Accountants at 1500, 640 - 5th Avenue SW Calgary, AB. Such firm is independent of the Corporation in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

The transfer agent and registrar of the Corporation's Common Shares is TSX Trust Company, 10<sup>th</sup> Floor, 300 5<sup>th</sup> Avenue S.W., Calgary, AB.

#### **MATERIAL CONTRACTS**

The Corporation has not entered into any contracts material to investors in the Common Shares since the date of incorporation to the date hereof, other than the following:

1. Agency Agreement between the Corporation and the Agent. See "Plan of Distribution".
2. Escrow Agreement among the Corporation, TSX Trust Company and those shareholders that executed such agreement. See "Escrowed Securities".
3. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated as of [●] between the Corporation and TSX Trust Company.

Copies of these agreements will be available for inspection at the registered office of the Corporation located at 1900, 520 3<sup>rd</sup> Street S.W., Calgary, Alberta, 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, and will be available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Certain directors and officers of the Corporation have acquired Common Shares of the Corporation in the Seed Capital phase of the Corporation. In addition, each of the directors and officers of the Corporation will be granted options to purchase Common Shares pursuant to the Corporation's Stock Option Plan. See "*Principal Shareholders*" and "*Directors' and Officers' Options*".

#### **DIVIDEND POLICY**

To date, the Corporation has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, financial condition of the Corporation and other factors which the board of directors of the Corporation may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Borden Ladner Gervais LLP, counsel to the Corporation, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder in force as of the date hereof and all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance

(Canada) prior to the date hereof, provided that the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the Exchange) or the Corporation is otherwise a “public corporation” for the purposes of the Tax Act, in each case at the time of Closing, the Common Shares issued pursuant to the Offering will be “qualified investments” for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan (“DPSP”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or a tax-free savings account (“TFSA”) (collectively, the “Registered Plans”).

The Common Shares are not currently listed on a “designated stock exchange” and the Corporation is not currently a “public corporation” for the purposes of the Tax Act. The Corporation has applied to list the Common Shares on the Exchange as of the day before the Closing, followed by an immediate halt in trading of the Common Shares in order to allow the Corporation to satisfy the conditions of the Exchange and to have the Common Shares listed and posted for trading prior to the issuance of the Common Shares on Closing. The Corporation must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to the issuance of the Common Shares on Closing, and to otherwise proceed in such manner as may be required to result in the Common Shares being listed on the Exchange at the time of their issuance on Closing. If the Common Shares are not listed on the Exchange at the time of their issuance on Closing and the Corporation is not a “public corporation” for the purposes of the Tax Act on Closing, the Common Shares will not be qualified investments for the Registered Plans at that time.

Notwithstanding that a Common Share may be a qualified investment for a RRSP, RRIF, RESP, RDSP or TFSA, the holder of a TFSA or RDSP, the subscriber of an RESP or the annuitant under an RRSP or RRIF will be subject to a penalty tax in respect of Common Shares held in such TFSA, RDSP, RESP, RRSP or RRIF if such Common Shares are a “prohibited investment” for the TFSA, RDSP, RESP, RRSP or RRIF. Generally, the Common Shares will be considered to be a “prohibited investment” if the holder of a TFSA or RDSP, the subscriber of an RESP or the annuitant of an RRSP or RRIF, as the case may be: (i) does not deal at arm’s length with the Corporation for the purposes of the Tax Act; or (ii) has a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Corporation. A “significant interest” generally includes, but is not limited to, the ownership of 10% or more of any class of issued shares of a corporation. In addition, the Common Shares generally will not be a “prohibited investment” if the Common Shares are “excluded property” (as defined in subsection 207.01(1) of the Tax Act). **Prospective purchasers who intend to hold Common Shares in their RRSP, RRIF, RESP, RDSP or TFSA should consult their own tax advisors having regard to their own particular circumstances.**

#### **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in the Provinces of Alberta, British Columbia, Saskatchewan, and Manitoba and the Yukon Territory 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. The securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

**Red River Capital Corp.**  
**Financial Statements**

*For the period from December 20, 2017 (date of incorporation) to January 31, 2018*

## **Independent Auditors' Report**

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To the Directors of Red River Capital Corp.

We have audited the accompanying financial statements of Red River Capital Corp. which comprise the statement of financial position as at January 31, 2018, the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from December 20, 2017 (date of incorporation) to January 31, 2018, and notes, comprising 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 auditors' 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 Red River Capital Corp. as at January 31, 2018 and its financial performance and its cash flows for the period from December 20, 2017 (date of incorporation) to January 31, 2018 in accordance with International Financial Reporting Standards.

Calgary, Alberta  
Month •, 2018

Chartered Professional Accountants

**Red River Capital Corp.**  
**Statement of Financial Position**  
*As at January 31, 2018*

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**Assets**

**Current**

Cash (Note 5)	\$	122,375
Deferred financing costs (Note 6)		6,000

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<b>Total assets</b>	<b>\$</b>	<b>128,375</b>
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**Liabilities**

**Current**

Accounts payable and accruals	\$	6,000
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**Shareholders' Equity**

Share capital (Note 7)	\$	125,000
Deficit		(2,625)

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Total shareholders' equity		122,375
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<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>128,375</b>
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Subsequent event (Note 11)

Approved on behalf of the Board

“signed”  
Director

“signed”  
Director

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

**Red River Capital Corp.**  
**Statement of Loss and Comprehensive Loss**

*For the period from December 20, 2017 (date of incorporation) to January 31, 2018*

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	<b>2018</b>
<b>Expenses</b>	
Filing and commencement fees	\$ 2,625
<b>Net loss</b>	<b>\$ (2,625)</b>
<b>Loss per share (Note 7)</b>	<b>\$ 0.00</b>

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

**Red River Capital Corp.**  
**Statement of Changes in Shareholders' Equity**

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	Share Capital (\$)	Deficit (\$)	Shareholders' Equity (\$)
At incorporation December 20, 2017			
Share issuance (Note 7)	125,000	-	125,000
Net loss	-	(2,625)	(2,625)
<b>As at January 31, 2018</b>	<b>125,000</b>	<b>(2,625)</b>	<b>122,375</b>

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

**Red River Capital Corp.**  
**Statement of Cash Flows**

*For the period from December 20, 2017 (date of incorporation) to January 31, 2018*

• **Cash provided by the following activities:**

<b>Operating activities</b>		
Net loss	\$	(2,625)
Changes in non-cash working capital		
Deferred financing costs	\$	(6,000)
Accounts payable and accruals		6,000
<hr/>		
Cash flows used in operating activities		(2,625)
<hr/>		
<b>Financing activities</b>		
Issuance of common shares (Note 7)	\$	125,000
<hr/>		
Cash flows provided by financing activities		125,000
<hr/>		
<b>Increase in cash</b>		
<hr/>		
Cash, beginning of period		-
<hr/>		
Cash, end of period	\$	122,375
<hr/>		

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

# Red River Capital Corp.

## Notes to the Financial Statements

For the period from December 20, 2017 (date of incorporation) to January 31, 2018

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### 1. Incorporation and operations

Red River Capital Corp. (the "Company") was incorporated on December 20, 2017 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Company is located at 1900, 520 – 3rd Ave S W Calgary, AB T2P 0R3.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

### 2. Basis of preparation

#### **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 issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning December 20, 2017. These financial statements represent the Company's first presentation of the financial results of operations and financial position under IFRS.

These financial statements were authorized for issue in accordance with a resolution of the directors on Month •, 2018.

#### **Basis of measurement**

These financial statements are stated in Canadian dollars, which is also the Company's functional currency, and were prepared on a going concern basis, under the historical cost convention.

#### **Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

# Red River Capital Corp.

## Notes to the Financial Statements

For the period from December 20, 2017 (date of incorporation) to January 31, 2018

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### 3. Significant accounting policies

#### **Cash**

Cash consists of the proceeds generated from share subscription receipts which is being held in trust by legal counsel for the Company.

#### **Deferred financing costs**

Financing costs related to the Company's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to operations.

#### **Share-based payments**

The Company applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

#### **Taxes**

Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

#### *Current tax*

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred tax*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

#### **Non-derivative financial instruments**

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and

# Red River Capital Corp.

## Notes to the Financial Statements

*For the period from December 20, 2017 (date of incorporation) to January 31, 2018*

rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

### 3. Significant accounting policies *(continued)*

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

#### **Financial assets at fair value through profit or loss**

An instrument is measured at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category.

#### **Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Accounts payable and accruals are included in this category.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **Impairment of financial assets**

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

#### **Accounting standards issued but not yet applied**

The Company has reviewed amendments to accounting pronouncements that have been issued but are not yet effective, and determined that the following may have a future impact on the Company.

- IFRS 16 Leases issued on January 13, 2016 by the IASB replaces IAS 17 Leases. The new standard

**Red River Capital Corp.**  
**Notes to the Financial Statements**

*For the period from December 20, 2017 (date of incorporation) to January 31, 2018*

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introduces a single recognition and measurement model for leases, which would require the recognition of assets and liabilities for most leases with a term of more than twelve months. The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 "Revenue from Contracts with Customers" at or before the initial adoption date of January 1, 2018.

# Red River Capital Corp.

## Notes to the Financial Statements

For the period from December 20, 2017 (date of incorporation) to January 31, 2018

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### 3. Significant accounting policies (continued)

In April 2016, the IASB issued its final amendments to IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified retrospective approach for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

IFRS 9 “Financial Instruments” – On February 1, 2019, the Company will be required to adopt IFRS 9, which is the result of the first phase of the International Accounting Standards Board (“IASB”) project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The Company is in the process of assessing the impact of the above newly issued IFRS pronouncement.

The Company is currently assessing and quantifying the effect of the impact of adoption of these standards.

### 4. Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

#### Estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

#### Judgements

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company’s deductible temporary differences which are based on management’s judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

# Red River Capital Corp.

## Notes to the Financial Statements

For the period from December 20, 2017 (date of incorporation) to January 31, 2018

#### 4. Significant accounting estimates and assumptions (continued)

##### Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

##### Stock options

The Company records stock-based payments based on management's judgement of the expected exercise date of options which is impacted by the timing of completion of the qualifying transaction.

#### 5. Cash

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

#### 6. Deferred financing costs

Deferred financing costs, consisting of professional and agency fees, are incurred for the initial public offering (Note 11). They will be charged against share capital upon the issuance of shares or written off if the share offering is not completed.

#### 7. Share capital

##### Authorized

Unlimited number of voting Common Shares  
Unlimited number of non-voting Preferred shares issuable in series

##### Issued Common Shares

	Number of Shares	\$
Issued at incorporation	-	-
Issued at \$0.05 per share	2,500,000	125,000
As at January 31, 2018	2,500,000	125,000

All of the common shares issued are held in escrow until completion of a Qualifying Transaction. 10% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

# Red River Capital Corp.

## Notes to the Financial Statements

For the period from December 20, 2017 (date of incorporation) to January 31, 2018

### 7. Share capital (continued)

#### Stock Option Plan

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the exercise price per common share and the number of share options which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

As at January 31, 2018, no stock options had been issued.

### 8. Income taxes

The Company has gross timing differences related to the following:

Deferred financing costs	\$	4,800
Loss carry-forwards		3,825
Total timing differences	\$	8,625

As at January 31, 2018, the Company has an estimated loss carry-forward balance of \$3,825 available to reduce future years' income for tax purposes. These losses, if not fully utilized, will expire in 2038.

### 9. Capital disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end.

# Red River Capital Corp.

## Notes to the Financial Statements

For the period from December 20, 2017 (date of incorporation) to January 31, 2018

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### 10. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

#### Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of cash and account payable and accruals approximates its fair value due to the short-term maturities of these items.

#### Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

#### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had a cash balance of \$122,375 to pay liabilities of \$6,000.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

- i. Interest rate risk  
The Company has cash balances and no interest-bearing debt.
- ii. Foreign currency risk  
The Company does not have assets or liabilities in foreign currency.
- iii. Commodity risk  
The Company is not exposed to commodity price risk.

# Red River Capital Corp. Notes to the Financial Statements

*For the period from December 20, 2017 (date of incorporation) to January 31, 2018*

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## **11. Subsequent event**

The Company intends to file a prospectus with the securities regulatory authorities in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Yukon and pursuant to an Agency Agreement (the "Agency Agreement") to be entered into between the Company and Canaccord Genuity Corp. (the "Agent"), to offer 3,000,000 Common Shares at \$0.10 (the "Offering") per share to the public for total estimated proceeds of \$300,000 (before transaction costs). The Agent will be granted non-transferable warrants to purchase up to 300,000 common shares issued at a price of \$0.10 per share, and expiring 24 months from the closing date. The Company also intends to grant 550,000 share options immediately after the closing of the offering to purchase common shares to directors and officers under the Company's share option plan at a price of \$0.10 per share and an expiry date of five years from the date of grant.

The Company will pay the agent a commission equal to 10% of the gross proceeds, a corporate finance fee of \$12,500 and reasonable expenses. Including the professional and agency fees to be incurred, Agent's commission, additional professional, listing and filing fees to complete the Offering are estimated \$112,750.

**CERTIFICATE OF THE CORPORATION**

Dated: February 23, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of Alberta, British Columbia, Saskatchewan and Manitoba and the Yukon Territory and the regulations thereunder.

(Signed) "*Julian Klymochko*"

\_\_\_\_\_  
Julian Klymochko  
Chief Executive Officer, Director

(Signed) "*Michael Kesslering*"

\_\_\_\_\_  
Michael Kesslering  
Chief Financial Officer, Corporate Secretary,  
Director

**ON BEHALF OF THE BOARD**

(Signed) "*David McGoey*"

\_\_\_\_\_  
David McGoey  
Director

(Signed) "*Jason Krueger*"

\_\_\_\_\_  
Jason Krueger  
Director

**CERTIFICATE OF THE PROMOTER**

Dated: February 23, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of Alberta, British Columbia, Saskatchewan and Manitoba and the Yukon Territory and the regulations thereunder.

(Signed) "*Julian Klymochko*"

\_\_\_\_\_  
Julian Klymochko  
Promoter

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**CERTIFICATE OF THE AGENT**

Dated: February 23, 2018

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

**CANACCORD GENUITY CORP.**

(Signed) "*Jamie Brown*"

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Jamie Brown  
Vice Chairman, Managing Director  
Investment Banking

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