

*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.*

## FINAL PROSPECTUS

Initial Public Offering

June 21, 2018

**ORLETTO CAPITAL II INC.**  
**(a Capital Pool Company)**  
**OFFERING: \$400,000 (4,000,000 Common Shares)**  
**Price: \$0.10 per Common Share**

Orletto Capital II Inc. (the “**Corporation**”) hereby offers through its agent, Haywood Securities Inc. (the “**Agent**”), 4,000,000 common shares in the capital of the Corporation (the “**Common Shares**”), for total gross proceeds to the Corporation of \$400,000 (the “**Offering**”), to the public at a price of \$0.10 per Common Share (the “**Offering Price**”). 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 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 hereinafter defined, in accordance with the Exchange Policy 2.4 (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the completion of the Qualifying Transaction, 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”.

This Offering is made on a commercially reasonable efforts agency basis by the Agent and is subject to the receipt by the Corporation of subscriptions for a minimum of 4,000,000 Common Shares for total gross proceeds to the Corporation of \$400,000 and subject to approval of certain legal matters by Stein Monast LLP on behalf of the Corporation, and by Getz Prince Wells LLP on behalf of the Agent. The Offering Price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from the subscription for the Common Shares will be deposited and held by the Agent pursuant to the terms of the Agency Agreement, as hereinafter defined, and will not be released until at least \$400,000 has been deposited and the Agent has consented to such release. If subscriptions for 4,000,000 Common Shares have not been received within 90 days of the issuance of a receipt for the final prospectus or such other time as may be permitted by applicable securities legislation and consented to by Persons, as hereinafter defined, who subscribed within that period and the Agent, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See “Plan of Distribution”.

Pursuant to the Agency Agreement, the Corporation will grant to the Agent a non-transferable option (the “**Agent’s Option**”) to purchase that number of Common Shares equal to 10% of the aggregate number of Common Shares sold pursuant to the Offering at a price of \$0.10 per share (representing 400,000 Common Shares) expiring 24 months from the date the Common Shares are listed on the Exchange, provided that no more than 50% of the aggregate number of Common Shares which may be acquired by the Agent on exercise of the entire option may be sold by the Agent before the completion of the Qualifying Transaction. The grant of the Agent’s Option is qualified for distribution under this prospectus. See “Plan of Distribution”. This prospectus qualifies the options to be granted to directors and officers of the Corporation (the “**Incentive Stock Options**”) which shall entitle the grantees to purchase a number of Common Shares at a price of \$0.10 per Common Share equal to 10% of the total number of Common Shares that will be issued and outstanding upon completion of the Offering (being 680,000 Common Shares). These options will expire 5 years from the date of grant or for a shorter period as described in the Stock Option Plan. See “Incentive Stock Options”.

### Distribution

	Common Shares	Price to the Public	Agent’s Commission <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Common Share	1	\$0.10	\$0.0125	\$0.0875
Total Offering	4,000,000	\$400,000	\$50,000	\$350,000

Notes:

1. The Agent will receive a cash commission equal to 10% of the gross proceeds (the "**Agent's Commission**"), representing \$40,000, payable at closing. The Agent will also receive a corporate finance fee of \$10,000 (the "**Corporate Finance Fee**") plus taxes payable at closing and the Agent will be reimbursed by the Corporation for its expenses (capped at \$12,500), including its legal fees and search fees, plus disbursements and taxes. In addition, the Agent and its sub-agents, if any, will be granted the Agent's Option. This prospectus qualifies the distribution of the Agent's Option. See "Plan of Distribution".
2. Before deducting the costs and expenses of the Offering (and certain pre-offering costs) including listing and filing fees, administration fee and the Corporation's legal fees and expenses estimated in the aggregate amount of \$94,018.50 plus applicable taxes exclusive of the Agent's Commission and the Corporate Finance Fee. See "Use of Proceeds".

## **Market for Securities**

**THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD AND PURCHASERS MAY NOT BE ABLE TO RESELL SECURITIES PURCHASED UNDER THIS PROSPECTUS. THIS MAY AFFECT THE PRICING OF THE SECURITIES IN THE SECONDARY MARKET, THE TRANSPARENCY AND AVAILABILITY OF TRADING PRICES, THE LIQUIDITY OF THE SECURITIES, AND THE EXTENT OF ISSUER REGULATION. SEE "RISK FACTORS".**

The Corporation has applied to list its Common Shares on the Exchange, including all shares issuable upon conversion of the Agent's Option and the Incentive Stock Options. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange, including distribution of Common Shares to a minimum number of public security holders. As of 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, a U.S. Market Place, or a market place outside Canada and the United States of America, other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grants of the Agent's Option and the Incentive Stock Options, trading in all securities of the Corporation is prohibited during the period between the date receipts for the preliminary prospectus in respect of this Offering are issued by the Securities Regulatory Authorities, as hereinafter defined, 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.

## **Risk Factors**

**INVESTMENT IN THE COMMON SHARES OFFERED BY THIS PROSPECTUS IS HIGHLY SPECULATIVE DUE TO THE NATURE OF THE CORPORATION'S BUSINESS AND ITS PRESENT STAGE OF DEVELOPMENT. THIS OFFERING IS SUITABLE ONLY TO THOSE INVESTORS WHO ARE PREPARED TO RISK THE LOSS OF THEIR ENTIRE INVESTMENT.** The Corporation has 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 Corporation was only recently incorporated, does not own any ongoing business operations and has no assets other than cash. There is no assurance that the Corporation will identify and successfully negotiate the acquisition of any potential corporations, properties, assets or businesses, or any interests therein, nor that any such opportunities or businesses acquired will be profitable. If the acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer additional dilution. The directors and officers of the Corporation will only be devoting a portion of their time to the affairs of the Corporation. Potential conflicts of interest may result from the ordinary course of business of the Corporation and of the directors and officers of the Corporation. The directors and officers of the Corporation currently own, directly or indirectly, 71.43% of the issued and outstanding Common Shares and will own, directly or indirectly, approximately 29.41% of the issued and outstanding Common Shares assuming completion of the Offering. The Exchange may suspend from trading or delist Common Shares where the Exchange has not issued a Final Exchange Bulletin (as hereinafter defined) within 24 months of the date of listing. The executive directors of the Securities Regulatory Authorities may issue an interim cease trade order against the Corporation's securities if Common Shares are suspended from trading on the Exchange, and will issue such an interim cease trade order if the Corporation is delisted from the Exchange. In addition, delisting of Common Shares may result in the cancellation of all of the currently issued and outstanding Common Shares held by Insiders that are Discount Seed Shares within the meaning of the CPC Policy. Since the Corporation has not placed any geographical restrictions on the location of the Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada. It may be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers or experts located outside Canada. Even if service or notice is successfully effected, it may not be possible to enforce, against each Person or the Corporation, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. See "Business of the Corporation", "Management", "Directors, Officers and Promoters", "Use of Proceeds", "Conflicts of Interest" and "Risk Factors".

Subscribers acquiring Common Shares under this Offering will suffer an immediate dilution of 29% or \$0.029 per Common Share assuming completion of the Offering, based on the gross proceeds of this issue, before the deduction of selling commissions or related expenses of the issue. See "Capitalization", "Dilution" and "Risk Factors".

**AS A RESULT OF THE AFOREMENTIONED RISK FACTORS, WHICH ARE ONLY A SUMMARY THEREOF, THIS OFFERING IS SUITABLE ONLY TO THOSE INVESTORS WHO ARE WILLING TO RELY SOLELY ON THE MANAGEMENT OF THE CORPORATION AND WHO CAN AFFORD TO RISK A LOSS OF THEIR ENTIRE INVESTMENT. THOSE INVESTORS WHO ARE NOT PREPARED TO DO SO SHOULD NOT INVEST IN THE COMMON SHARES. SEE "BUSINESS OF THE CORPORATION", "DIRECTORS AND OFFICERS", "USE OF PROCEEDS" AND "RISK FACTORS".**

Pursuant to the CPC Policy, the maximum number of Common Shares which may be directly or indirectly purchased by any one purchaser to this Offering is 2% of the Common Shares offered under this prospectus, representing 80,000 Common Shares or a maximum subscription of \$8,000 under this prospectus. In addition, the maximum number of Common Shares that may be directly or indirectly purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of Common Shares offered under this prospectus, representing 160,000 Common Shares or maximum subscription of \$16,000 under this prospectus.

Haywood Securities Inc., as Agent, hereby offers the Common Shares on a commercially reasonable efforts 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 Getz Prince Wells LLP on behalf of the Agent and by Stein Monast LLP on behalf of the Corporation.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Corporation reserves the right to close the subscription books at any time without notice. No Person is authorized to provide any information or to make any representation in connection with this Offering other than as contained in this prospectus. It is expected that share certificates or similar entitlements evidencing the Common Shares in definitive form will be available for delivery at closing of this Offering unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

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## GLOSSARY

**“Affiliate”** means a Company that is affiliated with another Company as described below.

- (a) a Company is an “Affiliate” of another Company if:
  - (i) one of them is the subsidiary of the other, or
  - (ii) each of them is controlled by the same Person.
- (b) a Company is “controlled” by a Person if:
  - (i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
  - (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.
- (c) a Person beneficially owns securities that are beneficially owned by:
  - (i) a Company controlled by that Person, or
  - (ii) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

**“Agency Agreement”** means the agency agreement dated as of June 21, 2018 between the Corporation and the Agent, as amended.

**“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 or Company, means:

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

- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity;
- (d) in the case of a Person, a relative of that Person, including:
  - (i) that Person's spouse or child; or
  - (ii) any relative of the Person or of his 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 with respect to that Member firm, Member corporation or holding Company.

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

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

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

**"CPC"** means a corporation:

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

**"CPC Policy"** means Exchange Policy 2.4 – *Capital Pool Company*.

**"Discount Seed Share Escrow Agreement"** means the escrow agreement to be entered into between the current shareholders of the Corporation with respect to the Common Shares issued prior to this Offering at a price below the Offering Price. See "Escrowed Securities on Qualifying Transaction".

**"Escrow Agent"** means AST Trust Company (Canada).

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

**"Exchange Requirements"** means and includes the articles, by-laws, policies, circulars, rules (including UMIR), guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of a Regulation Services Provider or the Exchange (including those of any committee of the Exchange as appointed from time to time), the Securities Act (Alberta), the Securities Act (British Columbia), the Securities Act (Ontario), the Securities Act (Québec), and the rules and regulations thereunder as amended and any policies, rules, orders, rulings, forms or regulations from time to time enacted by the Autorité des marchés financiers, the Ontario Securities Commission, the Alberta Securities Commission or the British Columbia Securities Commission and all applicable provisions of the Securities Laws of any other jurisdiction.

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

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

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

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

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

**“Member”** has the meaning given to it in Rule A.1.00.

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

**“Non Arm’s Length Party”** means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

**“Non Arm’s Length 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 the subject of the proposed Qualifying Transaction.

**“Participating Organization”** means, generally, a Company that is not a Member but has been granted access to trading privileges through the Exchange. See the definition in Rule A.1.00.

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

**“Principal”** means:

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

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

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

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

**“Pro Group”** means:

- (a) Subject to subparagraphs (b), (c) and (d) “Pro Group” shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;
  - (iii) partners, officers and directors of the Member;
  - (iv) Affiliates of the Member; and
  - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (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;

- (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 but 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.

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

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

**"Related Party Transaction"** has the meaning given to it under Regulation 61-101 – *Protection of Minority Security Holders in Special Transactions*, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm's Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction.

**"Responsible Solicitor"** means the solicitor who is primarily responsible for the preparation of or for advice to the Corporation or Agent with respect to the contents of a prospectus.

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

**"Rule A.1.00"** means Rule A.1.00 of the TSX Venture Exchange Rule Book and Policies.

**"Securities Regulatory Authorities"** means the Autorité des marchés financiers, the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission.

**"SEDAR"** means the 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 minimum listing requirements of the Exchange.

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

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

**"Sponsorship Acknowledgement Form"** has the meaning specified in Exchange *Policy 2.2 - Sponsorship and Sponsorship Requirements*.

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

**"TSX Venture Exchange Rule Book and Policies"** means the rules and policies which govern the manner in which Members and Participating Organizations conduct business on the Exchange.

**“UMIR”** means the Universal Market Integrity Rules adopted by the Exchange and as may be amended from time to time and administered and enforced by the Exchange or any Regulation Services Provider retained by the Exchange.

**“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.*

**Issuer:** Orletto Capital II Inc.

**Offering:** A total of 4,000,000 Common Shares in the capital of the Corporation are being offered under this prospectus at a price of \$0.10 per Common Share for gross proceeds of \$400,000. This Offering is being made on a commercially reasonable efforts basis by the Agent. In addition, the Corporation will grant the Agent's Option to the Agent to purchase that number of Common Shares that is equal to 10% of the total number of Common Shares sold in connection with this Offering (being 400,000 Common Shares). The Agent's Option will be exercisable at a price of \$0.10 per share expiring twenty-four (24) months from the date the Common Shares are listed on the Exchange. The grant of the Agent's Option is qualified under this prospectus. The Corporation intends to enter into stock option agreements with its officers and directors to purchase a number of Common Shares equal to 10% of the total number of Common Shares issued and outstanding following the closing of the Offering (being 680,000 Common Shares) at \$0.10 per Common Share. The grant of the Incentive Stock Options is qualified under this prospectus. See "Plan of Distribution" and "Incentive Stock Options".

**Price:** \$0.10 per Common Share.

**Business of the Corporation:**

The Corporation is a Capital Pool Company created pursuant to the CPC Policy. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any potential Qualifying Transaction must be approved by the Exchange, and in the case of a Non Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval, in accordance with the CPC Policy. The Corporation 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 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. See "Business of the Corporation" and "Use of Proceeds".

**Use of Proceeds:**

The gross proceeds received by the Corporation from the Private Placement, as hereinafter defined, totals \$140,000 and the expenses related to the Private Placement and the incorporation of the Corporation are approximately \$2,500. The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will amount to \$400,000. The expenses and costs of the Offering are estimated in the aggregate to be approximately \$144,100. The net proceeds to the Corporation from the Offering and the Private Placement will be approximately \$393,400 assuming completion of the 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: (i) 30% of the gross proceeds realized; or (ii) \$210,000 may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds", "Business of the Corporation", "Method of Financing" and "Risk Factors".

**Directors and Officers:** The directors and officers of the Corporation are as follows: Benoit Chotard, President and Director, Claude Pouliot, Vice President, and Director, Octavio Soares, Chief Financial Officer and Director, Cynthia Mailloux, Director, and Richard Provencher, Corporate Secretary.

See “Directors, Officers and Promoters”, “Promoter” and “Management”.

**Dividend Policy:** It is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. See “Dividend Policy”.

**Escrowed Securities:** All of the currently issued and outstanding Common Shares, being 2,800,000 Common Shares, will be deposited in escrow pursuant to the Discount Seed Share Escrow Agreement, as hereinafter defined, and will be released in stages over a period of up to three years after the date of the Final Exchange Bulletin. See “Escrowed Securities”.

**Risk Factors:** An 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, and has not identified a potential Company, asset or business with a view to completing a Qualifying Transaction. The Corporation 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 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 29% or \$0.029 per Common Share. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares. 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 CPC 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”, “Risk Factors” and “Conflicts of Interest”.

## THE CORPORATION

The Corporation was incorporated on February 27, 2018 under the *Canada Business Corporations Act* (the “**Corporations Act**”) under the name “Capital Orletto II inc. / Orletto Capital II Inc.”

The Corporation’s head office and registered office is located at 70, Dalhousie Street, Suite 300, Québec, QC, G1K 4B2.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

To date, the Corporation raised \$140,000 through the sale of 2,800,000 Common Shares. See “Prior Sales” and “Capitalization”.

Since its inception and up to March 26, 2018, being the date of the balance sheet included in this prospectus, expenses of approximately \$2,500 have been incurred for incorporation costs, professional fees and disbursements relating to the sale of Common Shares prior to the date of this prospectus (the “**Private Placement**”) with respect to auditing costs, legal fees, filing fees as well as advance to the Agent for fees and expenses. Since its inception and up to the date hereof, the Corporation has incurred and will incur additional expenses of approximately \$30,000 relating to professional fees and disbursements. Part of the net proceeds of the Offering may be utilized to satisfy the obligations of the Corporation related to this Offering, including the expenses of its auditors, legal counsel, the Agent’s legal counsel, the listing fees of the Exchange and filing fees of the Securities Regulatory Authorities. See “Use of Proceeds”.

### Proposed Operations until Completion of the Qualifying Transaction

The Corporation is a CPC created pursuant to the CPC Policy. The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any potential 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. To date, the Corporation has not conducted material operations of any kind other than to enter into discussions for the purpose of identifying potential acquisitions of interests in commercially viable businesses or assets. The Corporation does not own any assets, other than cash. The Corporation currently intends to pursue a Qualifying Transaction in one of several industry sectors, including, but not limited to, technology and industrial sector, but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

Until Completion of a 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 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 “Private Placements for Cash” and “Restrictions on Use of Proceeds”, 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.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

### Method of Financing

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

## Criteria for a Qualifying Transaction

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to act in the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of each director. Such business fundamentals include, but are not limited to:

- (a) the risk to reward ratio;
- (b) the potential for growth;
- (c) the payback period; and
- (d) the rate of return.

## 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/Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

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

## **Initial Listing Requirements**

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

## **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgement 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 CPC 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 CPC within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, then 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 does not complete a Qualifying Transaction within 24 months of the date of listing, it may apply for listing on NEX rather than be delisted. In order to be eligible to list on the NEX, the Corporation must:

- (a) either: (i) cancel all escrowed Common Shares purchased by Non Arm's Length Parties to the Corporation at a discount to the Offering 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 escrowed Common 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 Offering price; and
- (b) obtain majority shareholder approval for the transfer to NEX, exclusive of the votes of Non Arm's Length Parties of the Corporation.

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

## **Refusal of a 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 following table indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of this Offering:

Proceeds to the Company	Offering
Cash proceeds raised from the Private Placement <sup>(1)</sup>	\$140,000
Expenses and costs relating to raising the cash proceeds above and to the incorporation	(\$2,500)
Cash proceeds to be raised pursuant to this Offering <sup>(2)</sup>	\$400,000
Estimated expenses and costs relating to the Offering (including listing fees, Agent's Commission, Agent's Corporate Finance Fee, legal fees, audit fees and expenses) <sup>(3)</sup>	(\$144,100)
<b>Estimated funds available (on completion of the Offering)</b>	<b>\$393,400</b>
Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup>	\$333,400
Estimated general and administrative expenses until Completion of a Qualifying Transaction	\$60,000
<b>TOTAL NET PROCEEDS</b>	<b>\$393,400</b>

Notes:

1. See "Prior Sales".
2. In the event the Agent exercises the Agent's Option and all the Incentive Stock Options are exercised, there will be available to the Corporation an additional \$112,000, which will be added to the working capital of the Corporation. See "Plan of Distribution" and "Incentive Stock Options". There is no assurance that all, or part of, the Agent's Option or Incentive Stock Options will be exercised.

3. Expenses include, the Agent's Commission and the Corporate Finance Fee, together with costs and expenses of this issue, including the listing fee payable to the Exchange (of which \$5,000 plus taxes has been paid) and to the Securities Regulatory Authorities, legal expenses of the Agent (of which \$10,000 has been paid as retainer), fees of the Corporation counsel, audit fees and other expenses associated with the Offering including printing.
4. In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$333,400, 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 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 may only be used by the Corporation to identify and evaluate assets or businesses and obtain shareholder approval for the 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) Agent's fees, costs and commissions,

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, 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 by the Exchange. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

## **Restrictions on Use of Proceeds**

Until Completion of the Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000 will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "Permitted Use 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 (provided that no proceeds shall be used to acquire or lease a vehicle); 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 this Offering and until Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$2,000,000. 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 "Incentive Stock Options" and "Restrictions on Use of Proceeds", the Corporation has not made, and until 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, directors' fees, finders' fees, loans, advances and bonuses; and
- (b) deposits and similar payments.

Further, no such payments will be made by the Corporation or anyone on behalf of the Corporation, on or after Completion of the Qualifying Transaction, if such payments relate 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 Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

### **Name of Agent and Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for distribution to the public, on a commercially reasonable efforts basis, 4,000,000 Common Shares as provided in this prospectus at a price of \$0.10 per Common Share for gross proceeds of \$400,000, subject to the terms and conditions of the Agency Agreement.

The Agent will receive a cash commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. The Agent will also receive a Corporate Finance Fee of \$10,000 plus taxes to be paid in cash from the Offering proceeds at closing. The Corporation will pay the Agent's expenses (capped at \$12,500), including legal fees and search fees, plus disbursements and taxes. In addition, the Agent or any sub agents will be granted the non-transferable Agent's Option to purchase that number of Common Shares that is equal to 10% of the total number of Common Shares sold in connection with the Offering, being 400,000 Common Shares. The Agent's Option will be exercisable at a price of \$0.10 per Common Share for a period of 24 months from the date of listing the Common Shares on the Exchange. All of the Agent's Option is qualified for distribution under this prospectus.

Pursuant to the CPC Policy, not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to Completion of the Qualifying Transaction. The remaining 50% may be sold after Completion of the Qualifying Transaction.

The Offering will be made in accordance with the rules and policies of the Exchange and with the consent of the Exchange. The closing of the Offering will take place at such time as the Corporation and the Agent may agree, provided that the minimum subscriptions have been received.

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for all of the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets or upon the occurrence of certain events as stated in the Agency Agreement, including the non-fulfillment of conditions of closing.

### **Commercially Reasonable Efforts Offering and Minimum Distribution**

The total Offering consists of 4,000,000 Common Shares for total gross proceeds of \$400,000. Under the CPC Policy, the maximum number of Common Shares which may be directly or indirectly purchased by any one purchaser to this Offering is 2% of the Common Shares offered hereunder, being 80,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser is 4% of the total number of Common Shares offered under this prospectus, being 160,000 Common Shares. The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$400,000 has been deposited and the Agent consents to the release thereof. Minimum subscriptions for 4,000,000 Common Shares for total gross proceeds of \$400,000 must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be permitted by applicable securities legislation and consented to by the Agent and all Persons or Companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

## **Other Securities to be Distributed**

The Corporation also proposes to grant the Incentive Stock Options at the closing of the Offering in accordance with the policies of the Exchange, which options are qualified for distribution under this prospectus. The Corporation proposes to grant the Incentive Stock Options to the directors and officers of the Corporation to purchase 680,000 Common Shares, immediately following closing of the Offering in accordance with the policies of the Exchange. This prospectus qualifies the distribution of 680,000 Incentive Stock Options.

## **Determination of Price**

The price of this Offering has been determined by negotiation between the Corporation and the Agent in accordance with the CPC Policy.

## **Listing Application**

The Corporation has applied to list its Common Shares on the Exchange, including all shares issuable upon conversion of the Agent's Option and the Incentive Stock Options. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange, including distribution of Common Shares to a minimum number of public security holders.

As of 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, a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

## **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 Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group is 20% of the issued and outstanding Common Shares of the Corporation 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 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".

The Agent has advised the Corporation that to the best of its knowledge and belief, the following directors, officers, employees, contractors or any Associate or Affiliate of the foregoing have subscribed for Common Shares of the Corporation in the following amounts: Jason Knoblauch has subscribed for 100,000 Common Shares, Balvinder S. Dadwan has subscribed for 150,000 Common Shares and Matthew Siggs has subscribed for 150,000 Common Shares prior to this Offering at a price of \$0.05 per Common Share.

## **Restrictions on Trading**

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

## DESCRIPTION OF THE SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares, of which 2,800,000 Common Shares are issued and outstanding as fully paid and non-assessable as at the date hereof. In addition, 4,000,000 Common Shares are reserved for issuance pursuant to this Offering, 400,000 Common Shares are reserved for issuance upon exercise of the Agent's Option and 680,000 Common Shares are reserved for issuance upon exercise of the Incentive Stock Options. All of the Common Shares to be outstanding on completion of this Offering will be fully paid and non-assessable. See "Prior Sales", "Plan of Distribution" and "Incentive Stock Options".

### Common Shares

The holders of the Common Shares are entitled to dividends, if, as and when declared by the board of directors of the Corporation, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

## CAPITALIZATION

The table below shows the capitalization of the Corporation as at the date of the balance sheet and the date hereof before and after giving effect to this Offering but prior to taking into account the costs of the issue:

Capital	Amount authorized or to be authorized	Amount outstanding as of the date of the most recent balance sheet contained in the prospectus <sup>(1)</sup>	Amount outstanding as of the date hereof <sup>(2)</sup>	Amount to be outstanding if all Common Shares being offered are sold <sup>(3)(4)</sup>
Common Shares	unlimited	\$140,000 (2,800,000 Common Shares)	\$140,000 (2,800,000 Common Shares)	\$540,000 (6,800,000 Common Shares)

Notes:

1. The Corporation had not commenced commercial operations other than as otherwise disclosed under this prospectus and the Corporation has no retained earnings as at the date hereof.
2. The Common Shares outstanding as at the date hereof will be held in escrow in accordance with the CPC Policy. See "Escrowed Securities".
3. The Corporation has reserved 10% of the number of Common Shares to be issued under the Offering pursuant to the Agent's Option. The Agent's Option will have an exercise price of \$0.10 per Common Share exercisable for a period of 24 months from the date of listing the Common Shares on the Exchange. See "Plan of Distribution." The board of directors of the Corporation intends to grant Incentive Stock Options in respect of an aggregate of 680,000 Common Shares to be granted to the directors and officers of the Corporation pursuant to the Stock Option Plan. The Incentive Stock Options will have an exercise price of \$0.10 per Common Share and will be exercisable for a period of up to 5 years from the date of the grant. See "Incentive Stock Options".
4. Before deducting the Agent's commission, the Agent's Corporate Finance Fee and legal fees and the Corporation's expenses of the issue, estimated to be approximately \$144,100 and assuming that the Agent's Option and the Incentive Stock Option are not exercised as of the date of this prospectus. See "Use of Proceeds".

## INCENTIVE STOCK OPTIONS

### Options

The Corporation intends to enter into stock option agreements granting the following options upon the issuance of a receipt by the Securities Regulatory Authorities for this prospectus:

Name	Number of Common Shares Under Option Upon Completion of the Offering	Exercise Price Per Common Shares	Term
Benoit Chotard	136,000	\$0.10	5 years from date of grant
Claude Pouliot	136,000	\$0.10	5 years from date of grant
Octavio Soares	136,000	\$0.10	5 years from date of grant
Cynthia Mailloux	136,000	\$0.10	5 years from date of grant
Richard Provencher	136,000	\$0.10	5 years from date of grant
<b>Total</b>	680,000		

The options to purchase 680,000 Common Shares to be granted to directors and officers after the closing of this Offering (subject to regulatory approval) are qualified for distribution under this prospectus.

### Stock Option Terms

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 and employees of the Corporation and its Affiliates and to consultants and management company employees, non-transferable options to purchase Common Shares for a period of up to ten years from the date of the grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares after the completion of the Offering, being 680,000 Common Shares. The purpose of the Stock Option Plan is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages ownership of the Corporation’s Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Corporation’s Common Shares.

Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant.

Incentive Stock Options may be exercised within the later of i) twelve (12) months after the completion of the Qualifying Transaction, and ii) 90 days after the optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer .

Notwithstanding the terms of the Stock Option Plan described above, the CPC Policy imposes certain restrictions on Incentive Stock Options during the period that the Corporation remains a CPC. Such restrictions shall remain in place until the Exchange issues the Final Exchange Bulletin (such bulletin indicating that the Resulting Issuer will not be considered a CPC.) Under the CPC Policy, the Corporation, while it remains a CPC, is limited to granting Incentive Stock Options to only directors, officers and technical consultants of the Corporation. In addition, the total number of Common Shares reserved under option for issuance pursuant to the Stock Option Plan may not exceed 10% of the Common Shares to be outstanding at the closing of the Offering. The maximum number of Common Shares reserved under option for issuance to any individual officer or director may not exceed 5% of the issued and outstanding Common Shares to be outstanding at the closing of the Offering. The maximum number of Common Shares reserved under option for issuance to all technical consultants may not exceed 2% of the issued and outstanding Common Shares to be outstanding after the closing of the Offering. In addition, while the Corporation is a CPC, it is prohibited from granting Incentive Stock Options to any Person providing investor relations activities, promotional or market making services. The exercise price per Common Share under any Incentive Stock Option granted by the Corporation while it is a CPC may not be less than the greater of \$0.10 and the Discounted Market Price, as defined in Exchange Policy 1.1. Any Common Shares acquired pursuant to the exercise of Incentive Stock Options prior to Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

### PRIOR SALES

Since the date of incorporation of the Corporation, 2,800,000 Common Shares have been issued as follows:

Date issued	Number of Common Shares <sup>(1)</sup>	Issue Price Per Common Share	Aggregate Issue Price	Consideration Received
March 26, 2018	2,800,000	\$0.05	\$140,000	Cash

Notes:

1. The Common Shares will be held in escrow. See “Escrowed Securities”.

### ESCROWED SECURITIES

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

All of the 2,800,000 Common Shares issued prior to this Offering at a price below the Offering Price of \$0.10 per Common Share and all Common Shares that may be acquired by Non Arm’s Length Parties of the Corporation either under this Offering or otherwise prior to Completion of the Qualifying Transaction will be deposited with the Escrow Agent under the Discount Seed Share Escrow Agreement.

All Common Shares acquired on exercise of Incentive Stock Options prior to Completion of the 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 acquired in the secondary market prior to Completion of the Qualifying Transaction by any Person 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.

The following table sets out, as of the date of this prospectus and immediately after completion of this Offering, the number of Common Shares held in escrow pursuant to the Discount Seed Share Escrow Agreement:

Name and Municipality of Residence of Shareholder	Common Shares	Common Shares Held in Escrow	Percentage of Common Shares Prior to Giving Effect to the Offering <sup>(1)</sup>	Percentage of Common Shares After Giving Effect to the Offering <sup>(1)(2)</sup>
Benoit Chotard Burnaby, British Columbia	400,000	400,000	14.29%	5.88%
Octavio Soares Québec, Québec	400,000	400,000	14.29%	5.88%
Cynthia Mailloux Québec, Québec	400,000	400,000	14.29%	5.88%
Richard Provencher Québec, Québec	400,000	400,000	14.29%	5.88%
Alphonse Bélanger Lévis, Québec	400,000	400,000	14.29%	5.88%
Les Immeubles J. Dorval inc. <sup>(3)</sup> Québec, Québec	400,000	400,000	14.29%	5.88%
Balvinder S. Dadwan <sup>(4)</sup> Surrey, British Columbia	150,000	150,000	5.36%	2.21%
Matthew Siggs <sup>(4)</sup> North-Vancouver, British Columbia	150,000	150,000	5.36%	2.21%
Jason Knoblauch <sup>(4)</sup> Vancouver, British Columbia	100,000	100,000	3.57%	1.47%

Notes:

- Totals may not add due to rounding.
- Assuming that no Common Shares are purchased by these shareholders under this Offering and before the exercise of the Agent's Option and the Incentive Stock Options. See "Plan of Distribution".
- This entity is beneficially owned and controlled by Claude Pouliot.
- Indicates Pro Group.

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual holding company (a "**holding company**"), each holding company pursuant to the Discount Seed Share Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Discount Seed Share 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 Discount Seed Share 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 an 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 the Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Discount Seed Share Escrow Agreement, each Non Arm's Length Party to the Corporation which holds escrowed Common Shares acquired at a price below the Offering Price under this prospectus, has irrevocably authorized and directed the Escrow 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 CPC at a discount from the Offering Price, in accordance with section 11.2(a) of the CPC Policy, or
  - (ii) subject to majority shareholder approval, cancel an amount of seed shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining seed shares is at least equal to the Offering Price.

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

Generally, if at least 75% of the securities issued pursuant to a Qualifying Transaction are "Value Securities", then all of 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 assets, 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 the Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a "**Surplus Security Escrow Agreement**").

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

- (a) 5% of the escrowed securities releasable at the time of the Final Exchange bulletin;
- (b) 5% on the date which is 6 months after the Final Exchange Bulletin;
- (c) 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin;
- (d) 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin; and
- (e) 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, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an eighteen months escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin;

- (b) 20% on the date which is 6 months after the Final Exchange Bulletin;
- (c) 30% on the date which is 12 months after the Final Exchange Bulletin; and
- (d) 40% on the date which is 18 months after the Final Exchange Bulletin.

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, directly or indirectly, or who exercise control or direction over more than 10% of the issued and outstanding Common Shares as at the date hereof:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Common Shares Owned Before the Offering <sup>(1)</sup>	Percentage of Common Shares Owned After the Offering <sup>(1)(2)(3)</sup>
Benoit Chotard Burnaby, British Columbia	Of record and beneficially	400,000	14.29%	5.88%
Octavio Soares Québec, Québec	Of record and beneficially	400,000	14.29%	5.88%
Cynthia Mailloux Québec, Québec	Of record and beneficially	400,000	14.29%	5.88%
Richard Provencher Québec, Québec	Of record and beneficially	400,000	14.29%	5.88%
Alphonse Bélanger Lévis, Québec	Of record and beneficially	400,000	14.29%	5.88%
Les Immeubles J. Dorval inc. <sup>(4)</sup> Québec, Québec	Of record and beneficially	400,000	14.29%	5.88%
Haywood Securities Inc. Vancouver, British Columbia	Of record only <sup>(5)</sup>	400,000	14.29%	5.88%

Notes:

- 1. Totals may not add due to rounding.

2. Assuming that no Common Shares are purchased by this shareholder under this Offering and before the exercise of the Agent's Option and the Incentive Stock Options. See "Plan of Distribution".
3. On a fully diluted basis, assuming the exercise of the Agent's Option and the Incentive Stock Options and after giving effect to the Offering, Mr. Chotard would own approximately 6.80% of the outstanding Common Shares, Mr. Soares would own approximately 6.80% of the outstanding Common Shares, Ms. Mailloux would own approximately 6.80% of the outstanding Common Shares, Mr. Provencher would own approximately 6.80% of the outstanding Common Shares, Mr. Bélanger would own approximately 6.80% of the outstanding Common Shares, Les Immeubles J. Dorval inc. would own approximately 6.80% of the outstanding Common Shares and Haywood Securities Inc. would own, of record only, approximately 6.80% of the outstanding Common Shares.
4. This entity is beneficially owned and controlled by Claude Pouliot.
5. 150,000 Common Shares are beneficially owned by Balvinder S. Dadwan, 150,000 Common Shares are beneficially owned by Matthew Siggs and 100,000 Common Shares are beneficially owned by Jason Knoblauch.

The directors and officers, or Associates or Affiliates of the directors and officers, and other Insiders, as a group, beneficially own and control 2,000,000 Common Shares, which represents 71.43% of the issued and outstanding Common Shares before giving effect to this Offering. They will represent approximately 29.41% of the issued and outstanding Common Shares upon completion of the Offering, assuming no exercise of the Agent's Option nor any Incentive Stock Options.

### DIRECTORS, OFFICERS AND PROMOTERS

The following are the names and municipalities of residence of the directors, officers and promoters of the Corporation, their positions and offices with the Corporation, their present principal occupation, the number of Common Shares beneficially owned or over which they directly or indirectly exercise control or direction, and the percentage of Common Shares to be held by each of them prior to and on completion of the Offering.

Name and Municipality of Residence	Position and Office	Present Principal Occupation	Common Shares Held (percentage and number of Common Shares Before the Offering)	Percentage and Number of Common Shares After the Offering <sup>(1)</sup>
<b>Benoit Chotard</b> <i>Burnaby, British Columbia</i>	President, Director and Promoter	Financial advisor for public and private companies	14.29% (400,000)	5.88% (400,000)
<b>Claude Pouliot</b> <i>Québec, Québec</i>	Vice President and Director	President of Les Immeubles J. Dorval Inc.	14.29% (400,000) <sup>(2)</sup>	5.88% (400,000) <sup>(2)</sup>
<b>Octavio Soares</b> <i>Québec, Québec</i>	Chief Financial Officer and Director	Vice-president Finance Hygie Canada inc.	14.29% (400,000)	5.88% (400,000)
<b>Cynthia Mailloux</b> <i>Québec, Québec</i>	Director	Radiologist St-François-d'Assise Hospital	14.29% (400,000)	5.88% (400,000)
<b>Richard Provencher</b> <i>Québec, Québec</i>	Corporate Secretary	Lawyer and partner at Stein Monast L.L.P.	14.29% (400,000)	5.88% (400,000)

Notes:

1. Assuming that no Common Shares are purchased by these shareholders under this Offering and before the exercise of the Agent's Option and the Incentive Stock Options. See "Plan of Distribution".
2. Common Shares owned by Les Immeubles J. Dorval inc., an entity beneficially owned and controlled by Claude Pouliot.

The Corporation has appointed an audit committee consisting of the following three directors: Benoit Chotard, Octavio Soares and Claude Pouliot.

The total aggregate number of Common Shares beneficially owned, directly or indirectly, by all directors and officers of the Corporation as a group is 2,000,000, which is equal to 29.41% of the issued and outstanding Common Shares upon completion of the Offering.

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.

The directors will devote their time and expertise as required by the Corporation; however, it is anticipated that any director will devote less than 10% of his time. Mr. Benoit Chotard will devote approximately 20% of its time to the business of the Corporation. See also "Management".

## **MANAGEMENT**

The following is a brief description of the key management of directors and officers:

### **Benoit Chotard, PEng, MBA**

Benoit Chotard, 53 years old, has several years of international corporate finance, management, and public market expertise in British Columbia and Québec. Mr. Chotard is member of "Ordre des Ingénieurs du Québec" since 1989. He obtained a bachelor's degree in Chemical Engineering in 1989 and a MBA in 1993 both from the Sherbrooke University.

Since January 2011, Mr. Chotard is a financial advisor for public and private companies. Between October 2009 and December 2010, he was Vice-president Corporate Development for Pakit Inc., a corporation specialized in cellulose fiber moulding equipment to the packaging industry. Between July 2008 and January 2009, he acted as Senior Vice-president Finance Corporate Development and acting Chief Financial Officer for Cantronic Systems inc., a corporation specialized in infrared thermal imaging and thermal imaging and night vision systems. During his career, Mr. Chotard spent seven years as VP, Senior Equity Financial Analyst of National Bank Financial Inc.

Throughout his career, he has been a significant contributor in the form of time, knowledge, and capital to many philanthropic organizations including the United Way of Canada.

### **Claude Pouliot**

In 1985, Claude Pouliot obtained a Master's degree from Laval University, after which, in 1990, he completed his PhD.

Mr. Pouliot is president of Les Immeubles J. Dorval Inc., a corporation exploiting residential buildings and housing since 1997.

In addition to this work, Mr. Pouliot has held seats on boards of many private companies in different economic sectors such as consultation, forest and building corporation.

### **Octavio Soares, FCPA, FCA**

Mr. Octavio Soares, 65 years old, has several years of experience in Business Management, Finance, International Trading and Business Strategy. Mr. Soares is a member of the Order of Chartered Professional Accountant of Québec. He obtained a bachelor's degree in administration. He received the title of Fellow in 2006. Since June 2013, he is Vice-president Finance of Canada Litter Inc. specialized in innovative and premium hygiene related pet products and Hygie Canada Inc. specialized in products restricting the spread of pathogens and reducing the risk of infection. Between September 2009 until June 2013, he was the Chief Financial Officer of Threegold Resources Inc., a mining exploration Company. Between January 1990 to September 2009, Mr. Soares assumed the role of Director and Assistant Chief Electoral Officer of Québec-Financing of political parties. In the past 20 years, Mr. Soares co-founded societies in the Hospitality, Healthcare, Industrial and Pet Products industries.

## Cynthia Mailloux

Dr. Cynthia Mailloux, 49 years old, is a specialized physician in radiology graduated from University Laval since 1997. She is specialized in MRI (magnetic resonance imaging) since 2003. She has worked in academia since that time at Centre hospitalier universitaire de Québec (CHUQ) in the Hospital Saint-François d'Assise in Québec City. She is responsible of continuing medical education of the entire radiology program in Laval University since 2008. She also collaborates on many research projects, especially in the musculoskeletal field. In 2011, she was nominated as the Assistant Program Director for the Diagnostic Radiology program in Laval University, then after in 2012, the Program Director.

## Richard Provencher

Mr. Richard Provencher, 58 years old, is the Coordinating Partner of the Securities Law practice group at Stein Monast L.L.P. since February 2003. He was called to the Barreau du Québec in 1983. Since the start of his career, Mr. Provencher has focused his practice in Securities Law, the purchase and sale of businesses as well as public and private financing. He is the co-author of the Securities law volume of the business law collection of Juris Classeur Québec. He is guest speaker for the certification in corporate governance program of the Collège des administrateurs du Québec.

## Other Reporting Issuer Experience

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

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Benoit Chotard	Orletto Capital Inc.	TSX Venture Exchange	Director	December 2013	May 2017
	Tetra Bio-Pharma Inc.	TSX Venture Exchange	Director	September 2016	July 2017
	Tetra Bio-Pharma Inc.	TSX Venture Exchange	Director	March 2018	Present
Octavio Soares	Threegold Resources Inc.	TSX Venture Exchange <sup>(1)</sup>	Director and Chief Financial Officer	July 2008	June 2013
	Orletto Capital Inc.	TSX Venture Exchange	Director	December 2013	May 2017

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Cynthia Mailloux	Investissements TSPL Inc.	NEX	Director	July 2011	February 2015
	Orletto Capital Inc.	TSX Venture Exchange	Director	December 2013	May 2017
Richard Provencher	Nouveau Monde Mining Enterprises Inc.	TSX Venture Exchange	Corporate Secretary	January 2013	February 2016
	Orletto Capital Inc.	TSX Venture Exchange	Corporate Secretary	December 2013	May 2017

Note:

(1) Threegold Resources Inc. is listed on NEX.

### Corporate Cease Trade Orders or Bankruptcies

None of the directors, officers, Insiders, or promoters of the Corporation or shareholders holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within 10 year before the present date has been a director, officer, Insider or promoter of any other issuer that, while that Person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied that issuer access to any statutory exemptions for a period of more than 30 consecutive days, or (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the issuer, at the exception of Mrs. Cynthia Mailloux, who has been a director of Investissements TSPL Inc. since July 2011. A cease trade order was issued by the Autorité des marchés financiers on January 8, 2013, by the British Columbia Securities Commission on January 9, 2013, and by the Alberta Securities Commission on April 24, 2013 for failure to timely file financial statements as required pursuant to applicable securities laws. These cease trade orders were revoked by these regulatory authorities on August 4, 2017.

### Penalties or Sanctions

Except as otherwise disclosed, no director, officer, Insider or promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has:

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

## Personal Bankruptcies

None of the directors, officers, Insiders or promoters of the Corporation or shareholders holding sufficient securities of the Corporation to affect materially the control of the Corporation or a personal holding Company of any such Persons has, during the past ten years, been declared bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

## Indebtedness of Directors and Officers

None of the directors, officers and promoters of the Corporation or any of their respective Associates or Affiliates has been indebted to the Corporation since the date of its incorporation.

## EXECUTIVE COMPENSATION

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

- (a) remuneration, which includes but is not limited to:
  - (i) salaries;
  - (ii) consulting fees;
  - (iii) management contract fees or directors' fees;
  - (iv) finders fees;
  - (v) loans, advances, bonuses; and
  - (vi) 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 Reimbursements**"). No such reimbursements have been made since incorporation of the Corporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation may also be granted stock options.

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.

## **DIVIDEND POLICY**

No dividends have been paid on any Common Shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

If the Corporation generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any, and, when appropriate, retire debt. The directors of the Corporation will determine if and when dividends should be declared and paid in the future based on the Corporation's financial position at the relevant time. All of the Common Shares are entitled to an equal share in any dividends declared and paid.

## **PROMOTER**

Benoit Chotard may be considered to be the promoter of the Corporation in that he took the initiative in organizing the business of the Corporation. As of the date hereof, Benoit Chotard, owns 400,000 Common Shares. See "Principal Shareholders", "Prior Sales" and "Directors, Officers and Promoters".

## **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors, officers, Insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers, Insiders and promoters have been and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where 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 prescribed by the Corporations Act, the Exchange and applicable securities laws, regulations and policies.

## **RELATED PARTY TRANSACTIONS**

Other than as disclosed, there are no material transactions with the directors, officers, promoters or principal holders of the Corporation's securities that have occurred since the date of incorporation of the Corporation.

## **DILUTION**

Purchasers of the Common Shares offered hereunder will suffer an immediate dilution of 29% or \$0.029 per Common Share assuming completion of the Offering, on the basis of there being 6,800,000 Common Shares issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds of \$400,000 to be raised under this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation, or any Common Shares issuable on the exercise of the Agent's Option and the Incentive Stock Options.

## **RISK FACTORS**

The following is a list of risk factors that a prospective investor should consider before subscribing for Common Shares, which list is not exhaustive:

- (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) an investment in the Common Shares offered by this prospectus is highly speculative given the proposed nature of the Corporation's business and its 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 approximately 29% or approximately \$0.029 per Common Share assuming completion of the Offering, on the basis of there being 6,800,000 Common Shares issued and outstanding following completion of this Offering;
- (e) there can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (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 all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;

- (q) subject to prior Exchange acceptance, 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;
- (r) the Corporation cannot be certain and provides no guarantee that, if the Qualifying Transaction is completed, the business acquired pursuant to the Qualifying Transaction will be profitable or ultimately benefit the Corporation and its shareholders. The Qualifying Transaction may also result in additional dilution to the Corporation's shareholders or increased debt; and
- (s) any failure to successfully integrate a business acquired pursuant to the Qualifying Transaction or a failure of such business to benefit the Corporation could have a material adverse effect on the Resulting Issuer's business and results of operations.

**As a result of these factors, which are not all-inclusive, 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 aware of any legal proceedings in which it is involved and any such proceedings are not known by the Corporation to be contemplated.

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

The Corporation is not a related issuer or connected issuer of the Agent (as such terms are defined in Regulation 33-105 respecting Underwriting Conflicts). Mr. Balvinder S. Dadwan and Matthew Siggs, each of whom is an investment advisor of the Agent, have subscribed for 150,000 Common Shares of the Corporation and Jason Knoblauch, who is an investment advisor of the Agent, has subscribed for 100,000 Common Shares of the Corporation.

The Agent for the Offering is Haywood Securities Inc., Waterfront Center, 200 Burrard Street, Vancouver, BC V6C 3L6.

The Agent has advised the Corporation that to the best of its knowledge and belief, other than set out above, no directors or officers, employees or contractors or Associates or Affiliates of the foregoing have subscribed for Common Shares of the Corporation.

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

Other than as disclosed herein, as of the date hereof, no Professional Person, Responsible Solicitor or any partner of a Responsible Solicitor's firm holds any beneficial interest, direct or indirect, in any securities or properties of the Corporation or of an Associate or Affiliate of the Corporation except Mr. Richard Provencher, partner at Stein Monast LLP who holds 400,000 Common Shares and is the Corporate Secretary of the Corporation. Other than as disclosed herein, as of the date hereof, no Professional Person, Responsible Solicitor or any partner of the Responsible Solicitor's firm 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 an Associate or Affiliate of the Corporation, except Mr. Richard Provencher who is the Corporate Secretary of the Corporation.

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

The auditors of the Corporation are Mallette, LLP, Chartered Professional Accountants, at 3075 chemin des Quatres-Bourgeois, Suite 200, Québec, Québec G1W 5C4.

AST Trust Company, at 2001 Robert Bourassa Blvd., Suite 1600, Montréal, Québec H3A 2A6, is the transfer agent and registrar for the Common Shares.

## **MATERIAL CONTRACTS**

The Corporation has not entered into any material contracts and will not enter into any material contracts prior to the closing of this Offering, other than:

- (a) Transfer Agent and Registrar Agreement dated June 18, 2018 between the Corporation and AST Trust Company;
- (b) Agency Agreement dated June 21, 2018 among the Corporation and the Agent (see “Plan of Distribution”);
- (c) Discount Seed Share Escrow Agreement dated June 20, 2018 among the Corporation, the Escrow Agent and certain shareholders of the Corporation (see “Escrowed Securities”); and
- (d) The option agreements to be entered into by the Corporation and the directors and officers of the Corporation (see “Incentive Stock Options”).

Copies of these agreements will be available for inspection at the offices of Stein Monast LLP, at 70 Dalhousie Street, 3<sup>th</sup> Floor, Québec, Québec G1K 4B2 at any time during ordinary business hours or on [www.sedar.com](http://www.sedar.com) at any time.

## **OTHER MATERIAL FACTS**

To management’s knowledge, there are no other material facts relating to the securities to be offered and not disclosed elsewhere in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be offered.

## **PURCHASERS’ STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities 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 or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

## **Orletto Capital II Inc.**

Financial Statements  
As at March 26, 2018

Together with Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of  
**Orletto Capital II Inc.**,

We have audited the accompanying financial statements of **ORLETTO CAPITAL II INC.**, which comprise the statement of financial position as at March 26, 2018 and the statements of income and comprehensive income, changes in equity and cash flows for the period from February 27, 2018 (date of incorporation) to March 26, 2018, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 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 Orletto Capital II Inc. as at March 26, 2018, and its financial performance and its cash flows for the period from February 27, 2018 (date of incorporation) to March 26, 2018, in accordance with International Financial Reporting Standards.

 Mallette S.E.N.C.R.L.<sup>1</sup>

Malette S.E.N.C.R.L.  
Partnership of chartered professional accountants

Québec, Canada  
June 19, 2018

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A119429

## Orletto Capital II Inc.

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### STATEMENT OF INCOME AND COMPREHENSIVE INCOME

For the period from February 27, 2018 (date of incorporation) to March 26, 2018

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OPERATING EXPENSES	
Professional fees	\$ 2,500
NET LOSS AND COMPREHENSIVE INCOME	\$ (2,500)
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Net loss per share (Note 7)	
Basic and diluted	\$ (0.001)
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Weighted average number of common shares outstanding	2,800,000
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## Orletto Capital II Inc.

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### STATEMENT OF CHANGES IN EQUITY

For the period from February 27, 2018 (date of incorporation) to March 26, 2018

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	<u>Number</u>	<u>Amount</u>		
	<u>Total</u>	<u>Share capital</u>	<u>Deficit</u>	<u>Total</u>
<b>BALANCE</b> , beginning of the period	-	\$ -	\$ -	\$ -
Share issuance (Note 5)	2,800,000	140,000	-	140,000
Net loss and comprehensive income of the period	-	-	(2,500)	(2,500)
<b>BALANCE</b> , end of the period	2,800,000	\$ 140,000	\$ (2,500)	\$ 137,500

# Orletto Capital II Inc.

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## STATEMENT OF FINANCIAL POSITION

As at March 26, 2018

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### ASSETS

#### CURRENT ASSETS

Cash in trust	\$	140,000
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### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable	\$	2,500
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### SHAREHOLDERS' EQUITY

Share capital (Note 5)	140,000
Deficit	<u>(2,500)</u>

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137,500

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\$ 140,000

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Statutes of incorporation and nature of activities (Note 1)

On behalf of the Board,

(signed) Benoit Chotard \_\_\_\_\_, Director

(signed) Octavio Soares \_\_\_\_\_, Director

## Orletto Capital II Inc.

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### STATEMENT OF CASH FLOWS

For the period from February 27, 2018 (date of incorporation) to March 26, 2018

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#### OPERATING ACTIVITIES

Net loss	\$	(2,500)
Net change in non-cash working capital items		<u>2,500</u>

-

#### FINANCING ACTIVITIES

Issuance of share capital		<u>140,000</u>
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#### INCREASE IN CASH AND CASH EQUIVALENTS

140,000

CASH, beginning of the period

-

**CASH IN TRUST**, end of the period

\$ 140,000

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Cash flows from operating activities do not include any interest paid or encashed, nor any tax paid.

# Orletto Capital II Inc.

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## NOTES TO FINANCIAL STATEMENTS

As at March 26, 2018

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### 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company was incorporated on February 27, 2018 under the Canada Business Corporations Act to become a Capital Pool Company listed on the TSX Venture Exchange Inc. (the "Exchange"), according to the provisions of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. The address of the Company's registered office is 70, Dalhousie Street, Suite 300, Québec.

### 2. BASIS OF PREPARATION

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies described below have been applied on a uniform basis in the financial statements.

The financial statements have been authorized for issue by the Board of Directors on June 19, 2018.

#### Basis of measurement

The financial statements of the Company have been prepared on the going concern assumption and on the historical cost basis, except for the financial asset measured at fair value through net income.

#### Functional and presentation currency

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

#### Use of estimates and judgements

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

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

Information related to critical judgments in applying accounting policies and assumption that have the most significant impact on the financial statements relate to future income taxes.

# Orletto Capital II Inc.

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## NOTES TO FINANCIAL STATEMENTS

As at March 26, 2018

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Income taxes

The Company provides for income taxes using the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying value and tax values of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the period in which the differences are expected to be absorbed.

The Company establishes a devaluation allowance against deferred tax assets if, based on available information, it is likely that some or all of the deferred tax assets will not be realized.

#### Financial instruments

The Company has the following financial instruments:

##### Financial asset at fair value through net income

The financial asset classified at fair value through net income, such as cash, is measured at fair value. Changes in fair value and transaction costs are recognized in net income.

##### Other financial liabilities

The financial liabilities at amortized cost, such as accounts payable, are initially measured at fair value. They are subsequently measured at amortized cost using the effective interest rate method.

#### Fair value

The fair value of a financial instrument generally corresponds to the consideration for which the instrument would be exchanged in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial instruments recorded at fair value are classified according to a hierarchy that reflects the significance of inputs used in determining valuations. This hierarchy includes three levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - A valuation based on inputs observable in markets for the asset or liability, obtained either directly or indirectly.

Level 3 - A valuation based on inputs other than inputs observable in markets for the asset or liability.

Cash has been classified at Level 1.

## Orletto Capital II Inc.

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### NOTES TO FINANCIAL STATEMENTS

As at March 26, 2018

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid financial instruments, with an initial term of three months or less, when appropriate.

##### New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations are not yet effective for the period from February 27 to March 26, 2018 and have not been applied in preparing these financial statements. None of these is expected to have a significant impact on the financial statements of the Company.

#### 4. INCOME TAXES

The presented recovery of income taxes differs from the amount of the income tax expense calculated using the Canadian statutory tax rates, mainly due to the following:

Canadian statutory tax rates		26.7%
<hr/>		
Recovery calculated using the statutory tax rates	\$	(668)
Increase of income tax expense from:		
Devaluation allowance		<u>668</u>
	\$	-
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Significant components of the deferred tax assets of the Company are as follows:

Deferred tax assets		
Net losses from operations carried forward	\$	668
Devaluation allowance		<u>(668)</u>
Deferred income taxes	\$	-
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# Orletto Capital II Inc.

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## NOTES TO FINANCIAL STATEMENTS

As at March 26, 2018

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### 5. SHARE CAPITAL

#### Authorized

An unlimited number of common shares, participating and voting, without par value, non-cumulative dividend

#### Stated and outstanding

2,800,000 common shares	\$	140,000
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On March 26, 2018, the Company issued 2,800,000 common shares at \$0.05 per share for total proceeds of \$140,000 in cash.

All of the 2,800,000 common shares stated and outstanding as at March 26, 2018 will be escrowed pursuant to the terms of a Security Escrow Agreement and will be released in stages over a maximum period of three years from the date of the Final Exchange Bulletin.

### 6. CAPITAL DISCLOSURES

The Company includes the total of the equity in the capital definition. In terms of capital management, the Company's objectives are to preserve its ability to continue its operation to ensure its sustainability and to provide an adequate return to its shareholders, and to ensure sufficient equity financing to find a qualifying transaction in a way that maximizes the shareholders' return given the assumed risks of the operation. The Company may issue new shares and any issuance requires approval of the Board of Directors.

### 7. INCOME PER SHARE

The basic income per common share is calculated by dividing the net income (net loss) assumed by the common shareholders by the weighted average number of common shares outstanding during the period. The diluted net income (net loss) per share is calculated giving effect to the potential dilution that could occur if the instruments to issue common shares were exercised at the later of the beginning of the period or the issuance date. The treasury stock method is used to determine the dilutive effect of the instruments.

# Orletto Capital II Inc.

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## NOTES TO FINANCIAL STATEMENTS

As at March 26, 2018

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### 8. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to risks, the most significant of which are credit risk and liquidity risk. It has established policies and procedures that govern the extent of the Company's exposure to the most significant risks.

#### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at March 26, 2018, the Company holds its cash in a trust account.

#### **Liquidity risk**

Liquidity risk is the risk that the Company has difficulty meeting its commitments associated with financial liabilities. The Company is exposed to this risk primarily through its accounts payable.

### 9. SUBSEQUENT EVENTS

On June 19, 2018, the Board of Directors approved, for the purposes of its Initial Public Offering, a final prospectus dated June 21, 2018 relating to an Agency Agreement of 4,000,000 common shares of the Company at the price of \$0.10 per common share for total gross proceeds of \$400,000.

The Company has applied to list its common shares on the Exchange, including all shares issuable upon conversion of the Agent's Option and the Incentive Stock Options. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange, including distribution of common shares to a minimum number of public security holders.

On March 29, 2018, the Company signed an agreement with an agent to issue 4,000,000 shares for gross proceeds of \$400,000. This agreement provides for a commission equal to 10% of the gross proceeds. The agent will be reimbursed by the Company for legal fees, expenses and disbursements up to a maximum of \$12,500. Furthermore, the agent will receive a corporate finance fee of \$10,000 plus taxes.

In addition, the Company will grant the agent a non-transferable option to purchase a number of common shares equal to 10% of the total number of common shares sold in the offering at the price of \$0.10 per common share. This option expires 24 months from the closing date of the offering.

On May 1, 2018, the Board of Directors approved a stock option plan under which certain directors, officers, employees and consultants may be granted stock options of the Company. The total number of shares issuable pursuant to options granted under the plan is limited to 10% of the number of shares issued and outstanding at the closing of the Initial Public Offering of the Company. The exercise price of each option is the price set at the time of grant by the Board of Directors. The options have a maturity of ten years from the date of grant and vesting is determined at the time of issuance of stock options.

## CERTIFICATE OF THE CORPORATION

Dated: June 21, 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, Ontario and Québec and the regulations thereunder.

(s) Benoit Chotard  
Benoit Chotard  
President

(s) Octavio Soares  
Octavio Soares  
Chief Financial Officer

## ON BEHALF OF THE BOARD

(s) Claude Pouliot  
Claude Pouliot  
Vice President and Director

(s) Cynthia Mailloux  
Cynthia Mailloux  
Director

## CERTIFICATE OF THE PROMOTER

Dated: June 21, 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, Ontario and Québec and the regulations thereunder.

*(s) Benoit Chotard*

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Benoit Chotard

## CERTIFICATE OF THE AGENT

Dated: June 21, 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, Ontario and Québec and the regulations thereunder.

### **HAYWOOD SECURITIES INC.**

By: (s) Don Wong  
Don Wong  
Vice President, Investment Banking

## ACKNOWLEDGEMENT – PERSONAL INFORMATION FORM

June 21, 2018

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the prospectus; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described on Appendix 6B or as otherwise identified by the Exchange, from time to time.

“Personal Information” means any information about an identifiable individual, and includes the information contained in any Items in the attached prospectus that are analogous to Items 4.2, 6.7, 11.1, 13.1, 14, 15 and 21 of Form 3A of the CPC Policy, as applicable.

(s) Benoit Chotard

Benoit Chotard  
President