

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

This prospectus constitutes a public offering of these 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. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to U.S. persons.

PRELIMINARY PROSPECTUS

Initial Public Offering

August 16, 2021

PENBAR CAPITAL LTD.

(a Capital Pool Company)
2250 – 1055 West Hastings Street
Vancouver, British Columbia V6E 2E9
Telephone: 604 688-9588

2,000,000 Common Shares - \$200,000

Price: \$0.10 per Common Share

The purpose of this offering (the “**Offering**”) is to provide Penbar Capital Ltd. (the “**Issuer**”) with funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. The Issuer offers on a commercially reasonable efforts basis through its agent, Canaccord Genuity Corp., (the “**Agent**”) 2,000,000 common shares of the Issuer (the “**Common Shares**”) to the public at a price of \$0.10 per Common Share (the “**Offering Price**”). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**” or “**TSXV**”) and, in the case of a Non-Arm’s Length Qualifying Transaction, as hereafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Policy 2.4 of the Exchange (the “**CPC Policy**”). The Issuer is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than cash and pre-paid expenses. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Issuer 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*”.

	Common Shares	Price to Public	Agent’s Commission ⁽²⁾	Net Proceeds to the Issuer ^{(3),(4)}
Per Common Share ⁽¹⁾	1	\$0.10	\$0.01	\$0.09
Offering ⁽³⁾	2,000,000	\$200,000	\$20,000	\$180,000

Notes:

- Pursuant to the Agency Agreement (as hereinafter defined), 2,000,000 Common Shares are offered hereunder, not including the Agent’s Warrants (as hereinafter defined) or the Options (as hereinafter defined) to be granted concurrently with Closing, as hereinafter defined, to the directors and officers of the Issuer to purchase an aggregate of 400,000 Common Shares at a price of \$0.10 per Common Share, which Options and Agent’s Warrants are also qualified for distribution under this prospectus. See “*Option to Purchase Securities – Stock Options*”.
- A commission equal to 10% of the gross proceeds of the Offering will be paid to the Agent (the “**Agent’s Commission**”). The Agent will also receive an administration fee of \$15,000 (the “**Administration Fee**”) upon closing of the Offering, in addition to payment of the Agent’s legal fees and other reasonable expenses incurred by the Agent, for which a \$15,000 retainer has been advanced by the Issuer and is non-refundable. The Issuer has also agreed to grant the Agent non-transferable common share purchase warrants (the “**Agent’s Warrants**”) to acquire Common Shares in an amount equal to 10% of the number of Common Shares sold pursuant to the Offering, at an

exercise price of \$0.10 per Common Share, exercisable for a period of 36 months from the Closing. This prospectus qualifies the distribution of the Agent's Warrants. See "*Plan of Distribution – Agency Agreement and Agent's Compensation*".

3. Before deducting the expenses of the Offering estimated at \$79,750 (exclusive of the Agent's Commission), which includes legal and audit fees and other expenses of the Issuer, the Administration Fee, the Agent's expenses and legal fees (exclusive of GST and disbursements) estimated at \$15,000, the listing fee of \$15,750 (inclusive of GST) payable to the Exchange and estimated filing fees of \$4,000. See "*Use of Proceeds*".
4. This prospectus also qualifies the distribution of the Agent's Warrants. In addition, the Issuer intends to grant incentive stock options (the "**Options**") to its directors and officers to purchase an aggregate of 400,000 Common Shares under the Issuer's incentive stock option plan (the "**Option Plan**") at a price of \$0.10 per Common Share, which Options may be exercised for a period of ten years from the Listing Date (as hereinafter defined). See "*Plan of Distribution*" and "*Options to Purchase Securities*".

This Offering is made on a commercially reasonable efforts basis by the Agent. The Offering Price was determined by negotiation between the Issuer and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of an agency agreement (the "**Agency Agreement**") entered into between the Issuer and the Agent on ♦, 2021 and referred to under "*Plan of Distribution*". Unless an amendment to the final prospectus is filed and the "principal regulator" under National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (the "**Securities Regulatory Authority**") has issued a receipt for the amendment, the latest date that the distribution is to remain open is 90 days after the date of issuance of a receipt for the final prospectus by the Securities Regulatory Authority. If the Offering is not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and the persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Agent will receive Agent's Warrants entitling the Agent to purchase that number of Common Shares equal to 10% of the number of Common Shares sold under the Offering at a price of \$0.10 per Common Share, exercisable for a period of 36 months from the Closing. The Agent's Warrants and the Common Shares issuable on exercise of the Agent's Warrants are qualified for distribution under this prospectus to the maximum extent permitted by NI 41-101. See "*Plan of Distribution – Agency Agreement and Agent's Compensation*".

In addition, the Issuer intends to grant at the Closing, Options to the directors and officers to purchase, in aggregate, 400,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of ten (10) years from the date of listing of the Issuer's Common Shares on the Exchange, which Options are qualified under this prospectus. See "*Plan of Distribution*", "*Description of Securities*" and "*Options to Purchase Securities*".

The Issuer has applied to list the Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all of the requirements of the Exchange, including distribution of the Common Shares to a minimum number of public security holders.

There is no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors". Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of approximately 25% or \$0.025 per Common Share. The Issuer was only recently incorporated and does not currently own any assets other than cash.

As at the date of the prospectus, the Issuer 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, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Other than the initial distribution of Common Shares pursuant to this prospectus, the grant of the Agent's Warrants, and the grant of Options to the directors and officers of the Issuer at Closing, trading in all securities of the Issuer is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the applicable securities regulatory authorities and the time the Common Shares are listed for trading 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.

The Issuer does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Issuer and can afford to risk the loss of their entire investment. The directors and officers of the Issuer will only devote part of their time and attention to the affairs of the Issuer and there are potential conflicts of interest to which some of the directors and officers of the Issuer will be subject in connection with the operations of the Issuer. Assuming completion of the Offering, an investor will suffer an immediate dilution (based on the gross proceeds from this Offering and prior issuances without deduction for selling commissions or related expenses) per Common Share of \$0.025 or 25% if the Offering is realized. There can be no assurance that an active and liquid market for the Issuer's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Issuer 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 Issuer has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Issuer 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 judgments against such persons or companies obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.

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

This Offering is subject to the CPC Policy and the securities laws of the Offering Jurisdiction.

Canaccord Genuity Corp., as agent, conditionally offers these Common Shares, on a commercially reasonable efforts basis, if, as and when subscriptions are accepted by the Issuer, 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 Capiche Legal LLP, Vancouver, British Columbia, on behalf of the Issuer, and by Miller Thomson, Vancouver, British Columbia, on behalf of the Agent.

Pursuant to the CPC Policy, 75%, or 1,500,000, of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2%, or 30,000, of the total number of Common Shares offered under this prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser's Associates and Affiliates, is 4%, or 60,000, of the total number of Common Shares offered under this prospectus.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Common Shares sold under the Offering will be

issued and deposited in electronic form with CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee, pursuant to the book-based system administered by CDS. If delivered in electronic non-certificated form, a purchaser 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. See “Depository Services”.

AGENT:

CANACCORD GENUITY CORP.

2200 – 609 Granville Street

Vancouver, British Columbia, V7Y 1H2

Telephone: (604) 643-7300 Facsimile: (800) 663-1899

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GLOSSARY

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

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

A company is an “Affiliate” of another company if:

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

A company is “controlled” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“Agency Agreement” means the agency agreement dated ◆, 2021 between the Issuer and the Agent.

“Agent” means Canaccord Genuity Corp.

“Agent’s Warrants” means the non-transferable common share purchase warrants to be granted by the Issuer to the Agent and any sub-agents entitling the holder to acquire up to 200,000 Common Shares, calculated as 10% of the number of Common Shares sold pursuant to the Offering, at an exercise price of \$0.10 per Common Share, expiring 36 months from the Closing.

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

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

“Associate” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual, a relative of that Person including:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of that Person or of his or her spouse who has the same residence as that person;

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

“Closing” means completion of the Offering.

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

“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 a Final Exchange Bulletin is issued by the Exchange with respect to a Qualifying Transaction.

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

“Control Person” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting 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 Capital Pool Company, being a corporation:

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

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

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

“CPC Policy” means Policy 2.4 of the Exchange Policies.

“**CRA**” means the Canada Revenue Agency.

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

“**Escrow Agreement**” means the escrow agreement to be entered into on Closing among the Issuer, the Trustee and the founding shareholders of the Issuer.

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

“**Exchange Policies**” mean the rules and policies of the Exchange, applicable to companies listed on the Exchange, as set forth in the Exchange’s Corporate Finance Manual.

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

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

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

- (a) a director or an officer of an Issuer;
- (b) a director or an officer of a person that is itself an insider or a subsidiary of an Issuer;
- (c) a person that has,
 - (i) beneficial ownership of, or control or direction over, directly or indirectly, or
 - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an Issuer carrying more than 10% of the voting rights attached to all the Issuer’s outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution;
- (d) an Issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security;
- (e) a person designated as an insider in an order made under section 3.2 of the *Securities Act* (British Columbia); or
- (f) a person that is in a prescribed class of persons.

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

“**Issuer**” means Penbar Capital Ltd., a corporation incorporated under the laws of the Province of British Columbia.

“**Listing Date**” means the day the Common Shares of the Issuer are first listed on the Exchange.

“**Majority of the Minority Approval**” means the approval of a Non-Arm’s Length Qualifying Transaction by the majority of the votes cast at a meeting of shareholders of the CPC, or by written consent of shareholders holding more than 50% of the issued and outstanding shares of the CPC, provided that the votes attached to

listed shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

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

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

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

"NEX" means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange's ongoing listing standards for Tier 2 issuers may continue to trade.

"NI 41-101" means National Instrument 41-101 *General Prospectus Requirements*.

"Non-Arm's Length Party" means (i) in relation to a company (a) a Promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons; or (b) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person; and (ii) and 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.

"Offering Jurisdictions" means the provinces of British Columbia and Alberta and such other jurisdictions where the Common Shares may be sold without requirement for registration or filing of a prospectus.

"Offering Price" means the price at which the Common Shares are offered hereunder, being \$0.10 per Common Share.

"Options" means the non-transferable incentive stock options to be granted by the Issuer to the directors and officers of the Issuer to purchase an aggregate of up to 400,000 Common Shares under the Option Plan at a price of \$0.10 per Common Share, which Options may be exercised for a period of ten years from the Listing Date;

"Option Plan" means the incentive stock option plan approved by the board of directors of the Issuer which provides for the grant of incentive stock options to directors, officers, employees and consultants to the Issuer in accordance with the policies of the Exchange.

“Participating Organization” means, generally, a company that is not a Member but has been granted access to trading privileges through the Exchange.

“Person” means a company or individual.

“Principal” means, with respect to an Issuer:

- (a) a Person or its Associates or Affiliates, who acted as a Promoter of the Issuer within two years before the IPO prospectus or the Final Exchange Bulletin;
- (b) a director or officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
- (d) a 10% holder - a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
 - (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, securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding are included. 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, 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 are included.) 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) and (e) “Pro Group” shall include, either individually or as a group:
 - (i) a 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 and is acting at arm's length of the Member;
- (ii) the Associate or Affiliate has a separate corporate and reporting structure;
- (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
- (iv) the Member maintains a list of such excluded Persons.

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

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

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

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

"Related Party Transaction" has the meaning adopted pursuant to Exchange Policy 5.9 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.

"Resulting Issuer" means the Issuer that was formerly a CPC that exists upon completion of a Qualifying Transaction.

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

"Significant Assets" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the Initial Listing Requirements.

"Sponsor" means the Member that meets the criteria specified by the Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*, which has an agreement with an Issuer to undertake the functions of sponsorship as required by that policy and various other Exchange Policies.

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

"Trustee" means the trustee under the Escrow Agreement, namely Olympia Trust Company.

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

PROSPECTUS SUMMARY

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

The Issuer:	Penbar Capital Ltd.	
Business of the Issuer:	The principal business of the Issuer will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Issuer has not commenced the process of identifying potential acquisitions and has no assets other than cash. To date, the Issuer has not yet identified a company or assets for a potential Qualifying Transaction. Furthermore, the Issuer has not entered into an Agreement in Principle. See “ <i>Business of the Issuer</i> ”.	
Offering:	2,000,000 Shares are being offered and qualified under this prospectus at a price of \$0.10 per Share for gross proceeds of \$200,000. In addition, the Issuer will grant to the Agent and any sub-agents the Agent’s Warrants entitling the holder to purchase Shares in an amount equal to 10% of the number of Shares sold pursuant to the Offering, at a price of \$0.10 per Share for a period of 36 months from the Closing. The Issuer also intends to grant Options concurrently with the Closing to purchase an aggregate of 400,000 Common Shares to the current directors and officers of the Issuer, all of which Options are qualified for distribution under this prospectus. Such Options will be exercisable at \$0.10 per Common Share for a period of ten years from the Listing Date. The Agent’s Warrants and Options are qualified for distribution under this prospectus. See “<i>Plan of Distribution</i>” and “<i>Options to Purchase Securities</i>”.	
Use of Proceeds:	The total funds available to the Issuer, including the balance of cash proceeds raised prior to this Offering and the net proceeds of this Offering, will be approximately \$200,250. The total available funds will provide the Issuer with funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction, as well as to pay estimated general and administrative costs of up to \$60,000 until the Completion of the Qualifying Transaction. The Issuer may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. See “ <i>Use of Proceeds</i> ” for details of the restrictions and prohibitions on the Issuer’s use of funds.	
Directors and Management:	David Eaton – Queenie Kuang Herrick Lau – Denise Lok – David Velisek –	President, Chief Executive Officer, and Director Chief Financial Officer, Corporate Secretary, and Director Director Director Director See “<i>Directors, Officers and Promoters</i>”.
Escrowed Securities:	All Common Shares of the Issuer issued prior to this Offering, representing an aggregate of 2,000,000 Shares, and all of the Options to be granted at Closing, being 400,000 Options, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of 18 months from the date of the Final Exchange Bulletin. See “ <i>Escrowed Securities</i> ”.	

Dividend Policy:

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

Risk Factors:

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Issuer’s business and its present stage of development. The Issuer was only recently incorporated and has no active business or assets other than cash. The Issuer does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Issuer and can afford to risk the loss of their entire investment. The directors and officers of the Issuer will only devote part of their time and attention to the affairs of the Issuer and there are potential conflicts of interest to which some of the directors and officers of the Issuer will be subject in connection with the operations of the Issuer. Assuming completion of the Offering, an investor will suffer an immediate dilution (based on the gross proceeds from this and prior issuances without deduction for selling commissions or related expenses) per Common Share of \$0.025 or 25% if the Offering is realized. There can be no assurance that an active and liquid market for the Issuer’s Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Issuer 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 Issuer has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Issuer 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 judgments against such persons or companies obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See “*Business of the Issuer*”, “*Method of Financing*”, “*Directors, Officers and Promoters*”, “*Capitalization*”, “*Dilution*”, “*Risk Factors*” and “*Conflicts of Interest*”.

THE ISSUER

The Issuer was incorporated on March 4, 2021 pursuant to the provisions of the *Business Corporations Act* (British Columbia) (“**BCBCA**”) under the name “Penbar Capital Ltd.”.

The head office of the Issuer is located at Suite 2250, 1055 West Georgia Street, Vancouver, British Columbia, V6E 2E9. The registered office of the Issuer is located at Suite 1510, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Issuer does not have any subsidiaries.

BUSINESS OF THE ISSUER

Funds Raised and Preliminary Expenses

As of the date hereof, the Issuer has raised a total of \$100,000 through the sale of 2,000,000 Common Shares at a price of \$0.05 per share, all of which were sold to its directors and officers.

Other than the legal fees and expenses related to the organization of the Issuer and the preparation of this prospectus in the amount of \$5,591, the Issuer has not incurred any additional expenses to date in proceeding

with the Offering. However, certain of the Offering proceeds will be utilized to satisfy the obligations of the Issuer related to the Offering, including the expenses of its auditor and legal expenses of the Issuer and the Agent and the Administration Fee payable to the Agent. See “Use of Proceeds”.

Proposed Operations until Completion of a Qualifying Transaction

The Issuer proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Issuer has not conducted commercial operations or initiated the process of identifying potential acquisitions or interests. The Issuer currently intends to pursue a Qualifying Transaction in either the technology or industrial sector but there is no assurance that either sector will, in fact, be the business sector of a proposed Qualifying Transaction or of the Issuer following the completion of the Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Issuer will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under “*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.

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

Method of Financing

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

Criteria for a Qualifying Transaction

The Issuer will consider acquisitions of assets or businesses operated or located both inside and outside of Canada, as permitted by the CPC Policy. The board of directors will examine proposed acquisitions having regard to the sound business fundamentals, utilizing the expertise and experience of the directors of the Issuer. The board of directors of the Issuer 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 having regard to the best interests of the Issuer and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Process of Identification of a Qualifying Transaction

The Issuer proposes to identify acquisitions of interests in assets or businesses through discussions with various business associates and contacts of the Issuer’s directors. Once a prospective acquisition target has been identified and evaluated, the Issuer will proceed to negotiate the terms upon which it may acquire an interest in the asset or business.

Filings and Shareholder Approval of the Qualifying Transaction

Upon the Issuer reaching a Qualifying Transaction Agreement, the Issuer must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Issuer’s Shares until the filing requirements of the Exchange have been satisfied as set forth under “*Trading Halts, Suspensions and Delisting*” below. Within 75 days after issuance of such news release, the Issuer shall be required to submit for review to the Exchange a Disclosure Document that complies with Exchange requirements containing

prospectus level disclosure of the Significant Assets and the Issuer, assuming Completion of the Qualifying Transaction. Where the proposed Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the Issuer must obtain Majority of the Minority Approval of the Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Exchange will not require the Issuer to obtain shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement or a Prospectus.

Once the Conditional Acceptance Documents have been accepted for filing, the Exchange will advise the Issuer that it is cleared to file the final Disclosure Document on SEDAR and:

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

If required by the Exchange, the Issuer will retain a Sponsor, who must be a Member of the Exchange or a Participating Organization of the Toronto Stock Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with Exchange Policies. The Issuer 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) confirmation of shareholder approval of the Qualifying Transaction, if required;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

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

Initial Listing Requirements

The Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable Exchange Policies.

Trading Halts, Suspension and Delisting

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of a Qualifying Transaction Agreement until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms or, if applicable, declarations for all individuals who may be directors, 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 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 the 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 Issuer fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Qualifying Transaction Agreement or if the Issuer fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

In the event that the Common Shares of the Issuer are delisted by the Exchange, within 90 days from the date of such delisting, the Issuer 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 Issuer, determine the deal with the Issuer or its remaining assets in some other manner. See *"Filings and Shareholder Approval of the Qualifying Transaction"* above.

Refusal of Qualifying Transaction

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

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

USE OF PROCEEDS

Proceeds and Principal Purposes

The gross proceeds to be received by the Issuer from the sale of the Common Shares distributed under this prospectus will be \$200,000. The gross proceeds received by the Issuer from the sale of 2,000,000 Common Shares prior to the date of the prospectus were \$100,000. The Issuer has to date incurred legal fees and expenses totaling \$2,147 with respect to the organization of the Issuer. The Issuer has also incurred legal fees of approximately \$3,444 as of the date hereof with respect to costs of the Offering. The Issuer expects to incur approximately \$94,159 in additional expenses pertaining to this Offering on or prior to Closing, (including the Agent's Commission, being \$20,000). The Issuer estimates that \$200,250 will be available to it upon completion of the Offering.

The following indicates the principal uses to which the Issuer proposes to use the total funds available to it upon Closing:

Sources and Uses of Funds	Amount
(a) Gross cash proceeds received by the Issuer from the sale of Common Shares prior to this Offering ⁽¹⁾	\$100,000
(b) Less: Expenses and costs relating to the organization and raising the cash proceeds referred to in (a) above	\$(2,147)
(c) Plus: Gross cash proceeds to be raised by the Issuer from the sale of Common Shares distributed pursuant to this Offering ⁽²⁾	\$200,000
(d) Less: Expenses and costs relating to the Offering (including legal fees) referred to in (c) above, incurred to date	\$(3,444)
(e) Less: Expenses and costs relating to the Offering (including listing fees, the Agent's Commission, the Administration Fee, the Agent's legal fees and expenses, and the Issuer's legal fees, audit fees and other expenses) referred to in (c) above, expected to be incurred	\$(94,159)
(f) Estimated funds to be available to the Issuer (on completion of the Offering)	\$200,250
Funds available for identifying and evaluating assets or business prospects ⁽³⁾	\$140,250
Estimated general and administrative expenses until Completion of the Qualifying Transaction ⁽⁴⁾	\$60,000
Total Net Proceeds	\$200,250

Notes:

- See "Prior Sales".
- In the event the Agent exercises the Agent's Warrants and the directors and officers exercise their Options, there will be available to the Issuer up to an additional \$60,000 which will be added to the working capital of the Issuer. There is no assurance that any of the Agent's Warrants or Options will be exercised.
- In the event that the Issuer enters into a Qualifying Transaction Agreement prior to spending all available funds on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of, or participation in, the Significant Assets or for working capital after Completion of the Qualifying Transaction.
- Based on general and administrative expenses of \$2,500 per month for 24 months.

Until required for the Issuer'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 further identify and evaluate and/or finance any acquisition to which the Issuer may commit.

Permitted Use of Funds

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

- (a) reasonable expenses relating to the Issuer’s IPO, including:
 - (i) fees for legal services and audit services relating to the preparation and filing of this prospectus;
 - (ii) Agent’s fees, costs and commissions; and
 - (iii) printing costs, including printing of this prospectus and share certificates;
- (b) reasonable general and administrative expenses of the Issuer (not exceeding in aggregate \$3,000 per month), including:
 - (i) office supplies, office rent and related utilities;
 - (ii) equipment leases;
 - (iii) fees for legal services; and
 - (iv) fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
 - (i) valuations or appraisals;
 - (ii) business plans;
 - (iii) feasibility studies and technical assessments;
 - (iv) sponsorship reports;
 - (v) Geological Reports;
 - (vi) financial statements;
 - (vii) fees for legal services; and
 - (viii) fees for accounting, assurance and audit services;
- (d) agents’ and finders’ fees, costs and commissions;
- (e) assurance and audit fees of the Issuer;
- (f) escrow agent and transfer agent fees of the Issuer; and
- (g) regulatory filing fees of the Issuer.

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

- (i) the Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction;
- (ii) the Qualifying Transaction has been announced in a comprehensive news release;

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

Prohibited Payments to Non-Arm's Length Parties

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

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

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

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

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

Private Placements for Cash

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

Finder's Fees

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

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

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Compensation

Pursuant to the Agency Agreement, the Issuer has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public 2,000,000 Shares as provided in this prospectus, at a price of \$0.10 per Share for aggregate gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive the Agent's Commission equal to 10% of the aggregate gross proceeds from the sale of the Shares (\$20,000). In addition, the Issuer has agreed to pay the Agent: (i) the Administration Fee, being \$15,000, upon Closing, and (ii) the Agent's legal fees and other expenses, estimated to be approximately \$15,000 plus disbursements and taxes, of which \$15,000 has been advanced as a retainer.

The Issuer has also agreed to grant to the Agent and any sub-agents the Agent's Warrants, entitling the Agent to purchase Common Shares at a price of \$0.10 per share, calculated as 10% of the number of Shares sold under the Offering (200,000 Agent's Warrants) which may be exercised for a period of 36 months following the Closing. The Agent's Warrants and the Common Shares issuable on exercise of the Agent's Warrants are qualified under this prospectus for distribution. Not more than 50% of the aggregate Common Shares received on the exercise of the Agent's Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

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

The Issuer has also agreed to grant to the Agent, upon Closing, a right of first refusal of any brokered equity financings (or securities convertible into equity) that the Issuer proposes to undertake until the earlier of: (a) 24 months from the date the Common Shares are listed on the Exchange; and (b) the Completion of the Qualifying Transaction (the "**ROFR Termination Date**"). The Agent will have the right of first refusal to provide any such financing proposed during that period. The Agent will also have a right of first refusal to provide sponsorship services (if required) for any Qualifying Transaction for the period ending on the ROFR Termination Date.

Commercially Reasonable Efforts Offering and Distribution

The total Offering is for 2,000,000 Common Shares at a price of \$0.10 per Common Share. Under the CPC Policy, 75% or 1,500,000 of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% or 30,000 of the total number of Common Shares offered under this prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser's Associates and Affiliates, is 4% or 60,000 of the total number of Common Shares offered under this prospectus.

The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$200,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by the Agent and Persons 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.

Upon completion of the Offering, the Issuer must have a minimum of 150 shareholders with each shareholder beneficially owning at least 1,000 Common Shares free of resale restrictions, exclusive of any Common Shares held by Non-Arm's Length Parties to the Issuer.

Other Securities To Be Distributed

The Issuer also proposes to grant Options to purchase 400,000 Common Shares to directors and officers in accordance with the Exchange Policies, which Options are qualified for distribution under this prospectus.

Determination of Price

The Offering Price of the Common Shares hereunder was determined by negotiation between the Issuer and the Agent.

Listing Application

The Issuer has applied to list the Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all of the requirements of the Exchange, including distribution of the Common Shares to a minimum number of public security holders.

Venture Issuers

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

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrants, and the grant of Options to the directors and officers of the Issuer, no securities of the Issuer will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to Multilateral Instrument 11-102 *Passport System* and National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* 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

Common Shares

The Issuer is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date hereof, there are 2,000,000 Shares issued and outstanding as fully paid and non-assessable. In addition, 2,000,000 Common Shares are reserved for issuance under this prospectus, and 200,000 Common Shares are reserved for issuance pursuant to the exercise of the Agent's Warrants. See "*Plan of Distribution*" and "*Options to Purchase Securities*".

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per Share at meetings of the shareholders of the Issuer and, upon dissolution, to share equally in such assets of the Issuer as are distributable to the holders of Common Shares. All Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of the date of the most recent statement of financial position contained in the prospectus	Amount Outstanding as at date hereof ⁽¹⁾	Amount to be Outstanding after giving effect to the Offering ^{(2), (3)}
Common Shares	Unlimited	\$100,000 (2,000,000 shares) ⁽⁴⁾	\$100,000 (2,000,000 shares) ⁽⁴⁾	\$300,000 (4,000,000 shares)

Notes:

- As at June 30, 2021, and as at the date hereof, the Issuer had not commenced commercial operations.
- The Issuer will reserve for issuance up to an aggregate of 200,000 Common Shares pursuant to the exercise of the Agent's Warrants. See "*Plan of Distribution*". The Issuer will also reserve for issuance up to an aggregate of 400,000 Common Shares pursuant to the exercise of the Options to be granted to the directors and officers of the Issuer after closing this Offering, exercisable at a price of \$0.10 per Common Share for a period of ten years from the Listing Date. See "*Options to Purchase Securities*".
- Based on gross proceeds under the Offering of \$200,000 and before deducting the Agent's Commission and the expenses of the Offering, estimated at \$99,750. See "*Use of Proceeds - Proceeds and Principal Purposes*".
- These Common Shares are subject to escrow restrictions. See "*Escrowed Securities*".

If the Issuer issues treasury shares to finance an acquisition or participation, the Issuer may undergo a change of control and subscribers may suffer additional dilution of their investment.

OPTIONS TO PURCHASE SECURITIES

The Issuer has adopted the Option Plan, which provides that the Board of Directors of the Issuer may from time to time, in its discretion, and in accordance with Exchange Policies, grant to directors, officers and technical consultants to the Issuer, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Common Shares issued and outstanding at the time of granting any option.

The Issuer intends to enter into stock option agreements granting the incentive stock options concurrent with the closing of the Offering, and in any event within 90 days of the issuance of a receipt for this prospectus, as follows:

<u>Name</u>	<u>Number of Common Shares Underlying Options To Be Granted After Giving Effect to the Offering⁽²⁾</u>	<u>Exercise or Base Price (\$/ Share)</u>	<u>% of Total Options To Be Granted</u>	<u>Market Value of Common Shares Underlying Options On the Date of Grant (\$/Share)⁽¹⁾</u>	<u>Expiry Date</u>
David Eaton	80,000	\$0.10	20%	N/A	Ten years from the Listing Date
David Velisek	80,000	\$0.10	20%	N/A	Ten years from the Listing Date
Denise Lok	80,000	\$0.10	20%	N/A	Ten years from the Listing Date
Herrick Lau	80,000	\$0.10	20%	N/A	Ten years from the Listing Date
Queenie Kuang	80,000	\$0.10	20%	N/A	Ten years from the Listing Date
Total	<u>400,000</u>		100%		

Notes:

1. As the Common Shares were not listed on the Exchange at the date of the grant, the market value of the securities underlying the Options on the date of grant is not available.
2. Options to be granted concurrently with the Closing assuming completion of the Offering.

There are no assurances that the Options described above will be exercised in whole or in part.

The Options to be granted to the directors and officers to purchase an aggregate of 400,000 Common Shares at a price of \$0.10 per Common Share are qualified for distribution by this prospectus.

The Board of Directors of the Issuer may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Issuer non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Common Shares of the Issuer issued and outstanding as at the date of grant of any option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of the option.

The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed two percent (2%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of any option.

The term of an option must expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Issuer, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such option.

All options and Common Shares issued prior to the date of the Final Exchange Bulletin pursuant to the exercise of options are subject to escrow under the CPC Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final Exchange Bulletin pursuant to the exercise of options granted prior to the Offering with an

exercise price that is less than the issue price of this Offering are also subject to escrow under the CPC Escrow Agreement. For further details of the escrow requirements and release provisions, see “*Escrowed Securities*”.

PRIOR SALES

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

Date	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration Received
March 4, 2021 ⁽¹⁾	1	\$1.00	\$1.00	Cash
March 4, 2021 ⁽²⁾	2,000,000	\$0.05	\$100,000	Cash

Notes:

1. Initial incorporator’s Share which was repurchased and cancelled on March 4, 2021.
2. These Shares were issued to the Issuer’s directors and officers, and are subject to escrow restrictions. See “*Escrowed Securities*”.

ESCROWED SECURITIES

Escrowed Securities Prior to the Completion of the Qualifying Transaction

All of the 2,000,000 Shares issued prior to this Offering at a price below \$0.10 per Share and all Shares that may be acquired from treasury by Non-Arm’s Length Parties of the Issuer either under the Offering or otherwise prior to the date of the Final Exchange Bulletin will be deposited with the Trustee under the Escrow Agreement.

All options (including Options issued to the directors and officers of the Issuer) and all Shares issued prior to the date of the Final Exchange Bulletin pursuant to the exercise of options are subject to escrow under the Escrow Agreement. In addition, all Shares issued on or after the date of the Final Exchange Bulletin pursuant to the exercise of options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the Escrow Agreement.

The following table sets out, as at the date hereof, the number of Common Shares of the Issuer, which are held in escrow and the number of Options which will be issued on Closing and will also be held in escrow:

Name and Municipality of Residence of Shareholder	Number of Common Shares held in Escrow	Percentage of Common Shares prior to giving effect to the Offering	Percentage of Common Shares after giving effect to the Offering ⁽¹⁾	Number of Options held in Escrow
David Eaton <i>Vancouver, BC</i>	400,000	20%	10%	80,000
Herrick Lau <i>Vancouver, BC</i>	400,000	20%	10%	80,000
David Velisek <i>Vancouver, BC</i>	400,000	20%	10%	80,000
Denise Lok <i>Vancouver, BC</i>	400,000	20%	10%	80,000
Queenie Kuang <i>Vancouver, BC</i>	400,000	20%	10%	80,000
Totals:	2,000,000	100%	50%	400,000

Notes:

1. Assumes the Offering of 2,000,000 Shares is realized, no Agent's Warrants or Options are exercised, and that none of the directors or officers of the Issuer acquire any Shares under the Offering.

The Escrow Agreement provides that the escrowed securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without prior consent of the Exchange. The Escrow Agreement provides that if the holder of the escrowed securities becomes bankrupt, the securities will be transferred within escrow to the trustee in bankruptcy or to such other person as is legally entitled to the securities. The Escrow Agreement further provides that upon the death of the holder of the escrowed securities, the securities will be released from escrow and certificates for the securities will be delivered to the legal representative of the deceased shareholder.

Where the Common Shares of the Issuer which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company will agree, pursuant to the Escrow Agreement, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must also sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement:

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

Release Dates	Percentage to be released
Date of Final Exchange Bulletin	25%
Date 6 months following Final Exchange Bulletin	25%

Date 12 months following Final Exchange Bulletin	25%
Date 18 months following Final Exchange Bulletin	25%
Total	100%

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

If a Final Exchange Bulletin is not issued, the escrowed Shares will not be released. Under the Escrow Agreement, upon the issuance by the Exchange of a bulletin delisting the Issuer, the Trustee is irrevocably authorized to:

- (a) immediately cancel all escrowed Shares held by each Non-Arm's Length Party to the Issuer that were issued at a price below the Offering price under this prospectus and all options and Shares issuable upon exercise of the options held by such Persons; and
- (b) cancel all of the escrowed securities on a date that is 10 years from the date of such Exchange bulletin.

Escrowed Securities on Qualifying Transaction

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

PRINCIPAL SHAREHOLDERS

The following table lists those persons who beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued Common Shares as at the date hereof:

Name	Type of Ownership	Number of Common Shares ⁽¹⁾	Percentage of Common Shares Prior to Offering	Percentage of Common Shares After Offering ⁽²⁾	Percentage of Common Shares Owned After Offering, Assuming the Exercise of all Agent's Warrants and Options ⁽³⁾
David Eaton	Direct	400,000	20%	10%	10.435%
Herrick Lau	Direct	400,000	20%	10%	10.435%
David Velisek	Direct	400,000	20%	10%	10.435%
Denise Lok	Direct	400,000	20%	10%	10.435%
Queenie Kuang	Direct	400,000	20%	10%	10.435%

Notes:

- These securities are subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
- Before giving effect to the exercise of the Agent's Warrants and the Options to be granted to the directors and officers of the Issuer. See "Plan of Distribution" and "Options to Purchase Securities". On a fully diluted basis, assuming that no Common Shares are purchased by these individuals under the Offering, but assuming the exercise of all of the Agent's Warrants and

the exercise of the Options to be granted to the directors and officers of the Issuer, each individual would own 10.435% of the Common Shares on Closing. All Shares held by the above individuals will be subject to escrow pursuant to the policies of the Exchange. See “Escrowed Securities”.

3. Assumes 4,600,000 Shares outstanding, including 200,000 Shares issued upon exercise of the Agent’s Warrants and 400,000 Shares issued upon exercise of the Options. There is no guarantee any Agent’s Warrants or Options will be exercised.

The percentage of Common Shares beneficially owned, directly or indirectly, by Promoters, directors, officers, Insiders and Control Persons of the Issuer, collectively, is 100% prior to giving effect to the Offering, 50% (on an undiluted basis) assuming completion of the Offering, and 52.17% (on a fully diluted basis) assuming completion of the Offering and the exercise of the Agent’s Warrants and the Options. None of these individuals intend to acquire any Common Shares under the Offering.

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation, Security Holding and Involvement with other Reporting Issuers

The following table sets out the names of the current directors, officers, and Promoters of the Issuer, their current positions with the Issuer, and the number of shares of the Issuer beneficially owned, directly or indirectly, or over which control or direction is exercised. Each director holds office until the next annual meeting of shareholders or their resignation, and each officer holds office at the discretion of the Board of Directors or until their resignation from one or more of offices held. A description of their principal occupations during the past five years follows the table.

Name, Country of Residence and Position	Principal Occupation or Employment in Past Five Years	Common Shares Held ^{(2),(3)}	Percentage held before Completion of Offering	Percentage held on Completion of Offering ⁽⁴⁾
David Eaton Canada <i>President, Chief Executive Officer and Director since March 4, 2021</i>	Chairman of Baron Global Financial Canada Ltd. since 2007.	400,000	20%	10%
Queenie Kuang Canada <i>Chief Financial Officer, Corporate Secretary and Director since March 4, 2021</i>	Manager, Corporate Finance of Baron Global Financial Canada Ltd. since 2008.	400,000	20%	10%
Herrick Lau ^{(1), (3)} Canada <i>Director since March 4, 2021</i>	Managing Director, Corporate Finance at Baron Global Financial Canada Ltd. since 2007.	400,000	20%	10%

Name, Country of Residence and Position	Principal Occupation or Employment in Past Five Years	Common Shares Held^{(2),(3)}	Percentage held before Completion of Offering	Percentage held on Completion of Offering⁽⁴⁾
Denise Lok^{(1),(3)} Canada <i>Director since March 4, 2021</i>	Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd. since 2009.	400,000	20%	10%
David Velisek^{(1),(3)} Canada <i>Director since March 4, 2021</i>	Manager, Corporate Development at Baron Global Financial Canada Ltd. since 2009.	400,000	20%	10%

Notes:

1. Member of the Issuer's audit committee. Mr. Lau is the Chair of the Audit Committee. The Issuer does not have any other board committees.
2. These Common Shares are subject to escrow restrictions. See "Escrowed Securities".
3. None of these individuals intends to acquire any Shares to be sold under the Offering. Any Shares purchased by the directors or officers of the Issuer will be subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
4. Excluding the issuance of 200,000 Common Shares pursuant to the exercise of the Agent's Warrants and the issuance of 400,000 Common Shares pursuant to the exercise of the Options to be granted to the directors and officers of the Issuer. See "Plan of Distribution" and "Options to Purchase Securities".

In addition to any other requirements of the Exchange, the Exchange expects management of the Issuer to meet a high management standard. The directors and officers of the Issuer believe that, on a collective basis, management possesses the appropriate experience, qualifications, and history to be capable of identifying, investigating and acquiring a Significant Asset. Each of the officers and directors will devote the time considered necessary to perform the work required in connection with the management and direction of the Issuer and the completion of the Qualifying Transaction. None of the officers or directors is a party to any employment, non-competition or confidentiality agreement with the Issuer.

David Eaton, President, Chief Executive Officer and Director

Mr. David Eaton, age 59, has been President, Chief Executive Officer, and director of the Issuer since March 4, 2021. Mr. Eaton has over 25 years' experience in public markets with exposure to all aspects of the business as a trader, financier and market maker. Over his career, Mr. Eaton has started many public companies, managing the process from creating the structure, organizing the IPO, and post listing administration. As Chairman of Baron Global Financial Canada Ltd., a full-service merchant bank providing ongoing financial and legal back-office support to public companies, Mr. Eaton has a track record of creating companies that bring together solid projects with his network of North American and European investors. Mr. Eaton is the CEO, President and director of Jayden Resources Inc. (TSXV: JDN) and a director of Vext Science, Inc. (CSE: VEXT).

Mr. Eaton will devote approximately 20% of his time necessary to perform the work required in connection with the management of the Issuer and completion of the Qualifying Transaction. Mr. Eaton is an independent

contractor of the Issuer and has not entered into a non-competition or non-disclosure agreement with the Issuer.

Queenie Kuang, Chief Financial Officer, Corporate Secretary and Director

Ms. Queenie Kuang, age 39, has been Chief Financial Officer, Corporate Secretary, and a director of the Issuer since its incorporation on March 4, 2021. Currently and since 2008, Ms. Kuang serves as Manager of Corporate Finance for Baron Global Financial Canada Ltd. Ms. Kuang is a Chartered Professional Accountant and holds a Bachelor of Business Administration degree in Accounting and Finance from Simon Fraser University which she obtained in 2007. Ms. Kuang also serves as a director of Jayden Resources Corp. (TSXV:JDN).

Ms. Kuang will devote approximately 20% of her time necessary to perform the work required in connection with the management of the Issuer and completion of the Qualifying Transaction. Ms. Kuang is an independent contractor of the Issuer and has not entered into a non-competition or non-disclosure agreement with the Issuer.

Herrick Lau, Director

Mr. Lau, age 55, has been a director of the Issuer since March 4, 2021. Mr. Lau has over 25 years' experience as an investment banking professional for initial public offerings, reverse takeovers, mergers & acquisitions, divestitures and various financial advisory services. For the past 10 years, he has acted as the Managing Director of Baron Global Financial Canada Ltd., a full-service merchant bank providing ongoing financial and legal back-office support to public companies. Mr. Lau has experience as a Chief Financial Officer for several publicly listed companies. Mr. Lau currently serves as the Chief Financial Officer and Corporate Secretary of Jayden Resources Corp. (TSXV:JDN), the Chief Financial Officer of Hapbee Technologies, Inc. (TSXV:HAPB) and a director of Kiara Holdings Corp. (TSXV: KO). Mr. Lau obtained his bachelor's and master's degrees in Business and Economics from Simon Fraser University. He is also a charter holder of the Chartered Financial Analyst designation.

Mr. Lau will devote approximately 10% of his time necessary to perform the work required in connection with the management of the Issuer and completion of the Qualifying Transaction. Mr. Lau is an independent contractor of the Issuer and has not entered into a non-competition or non-disclosure agreement with the Issuer.

David Velisek, Director

Mr. Velisek, age 49, has been a director of the Issuer since March 4, 2021. Mr. Velisek has been involved in the capital markets for over 25 years. He has been a licensed trader of equities, options and futures, as well as Investment Adviser. He has also held roles in investor relations as well as providing consulting services to public companies. Currently, Mr. Velisek is a director of Trillium Gold Mines Inc. (TSXV:TGM), Datinvest International Ltd. (TSXV:DAI.H), Cognetivity Neurosciences Ltd. (CSE:CGN) and Evolving Gold Corp. (TSXV:EVG). Mr. Velisek is currently employed with Baron Global Financial Canada Ltd.

Mr. Velisek will devote approximately 10% of his time necessary to perform the work required in connection with the management of the Issuer and completion of the Qualifying Transaction. Mr. Velisek is an independent contractor of the Issuer and has not entered into a non-competition or non-disclosure agreement with the Issuer.

Denise Lok, Director

Ms. Lok, age 37, has been a director of the Issuer since March 4, 2021. Since May 2009, Ms. Lok has served as a Senior Manager of Corporate Finance for Baron Global Financial Canada Ltd. Ms. Lok is a Chartered Professional Accountant and holds a Bachelor of Commerce degree in Accounting and Transportation Logistics from the University of British Columbia. Ms. Lok is currently the Chief Financial Officer and

Corporate Secretary of Cognetivity Neurosciences Ltd. (CSE:CGN) and a director of Jayden Resources Inc. (TSXV: JDN).

Ms. Lok will devote approximately 10% of her time necessary to perform the work required in connection with the management of the Issuer and completion of the Qualifying Transaction. Ms. Lau is an independent contractor of the Issuer and has not entered into a non-competition or non-disclosure agreement with the Issuer.

Aggregate Ownership of Securities

Upon the completion of the Offering, the directors and officers of the Issuer, as a group, will own, directly or indirectly, 2,000,000 Common Shares of the Issuer representing 50.0% of the Common Shares then issued and outstanding (assuming no exercise of the Agent's Warrants or the Options to be granted to the Issuer's directors and officers).

Other Reporting Issuer Experience

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

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Period From/To (month/year)
David Eaton	Jayden Resources Inc.	TSXV	CEO, President, Director	06/2016 to Present
	Vext Science, Inc.	CSE	Director	05/2019 to Present
	Cerro Mining Corp.	NEX	Director	12/2017 to 02/2020
	Providence Gold Mines Inc.	TSXV	Director	10/2018 to 06/2019
	Healthspace Data Systems Ltd.	CSE	Director	07/2015 to 07/2018
Queenie Kuang	Jayden Resources Inc.	TSXV	Director	08/2019 to Present
	Trillium Gold Mines Inc.	TSXV	CFO and Corporate Secretary	08/2019 to 06/2021
Herrick Lau	Jayden Resources Inc.	TSXV	CFO and Corporate Secretary	12/2008 to Present
	Hapbee Technologies Inc.	TSXV	CFO	06/2020 to Present
	Kiaro Holdings Corp.	TSXV	Director	10/2020 to Present
	Agrios Global Holdings Ltd. ⁽¹⁾	CSE	Director, CFO and Corporate Secretary	02/2018 to 12/2019
	Invictus MD Strategies Corp.	TSXV	CFO and Corporate Secretary	03/2017 to 11/2017
	United Lithium Corp. (formerly United Battery Metals Corp.)	CSE	Director	09/2019 to 09/2020
	TWX Group Holdings Limited (formerly, EA Education Group Inc.)	CSE	Director	02/2019 to 04/2019
	Digihost Technology Inc. (formerly HashChain Technology Inc.)	TSXV	Director, CFO and Corporate Secretary	02/2017 to 03/2018
	Astron Connect Inc.	TSXV	Director, CFO and Corporate Secretary	02/2017 to 08/2018
	Novo Resources Corp.	TSX	Director, CFO and Corporate Secretary	10/2009 to 10/2017
David Velisek	Trillium Gold Mines Inc.	TSXV	Director	04/2015 to Present
			Interim CEO	08/2017 to 07/2020
	Cognetivity Neurosciences Ltd.	CSE	Director	12/2015 to Present
	Datinvest International Ltd.	NEX	Director	05/2019 to Present
	Evolving Gold Corp.	CSE	Director	01/2021 to Present
Denise Lok	Amador Gold Corp.	TSXV	Director	06/2017 to 10/2018
	Cognetivity Neurosciences Ltd.	CSE	CFO and Corporate Secretary	12/2017 to Present
	Jayden Resources Inc.	TSXV	Director	06/2016 to Present
	Vext Science, Inc.	CSE	CFO	02/2020 to 03/2021
	Trillium Gold Mines Inc.	TSXV	Director	04/2015 to 07/2020
	H-Source Holdings Ltd.	TSXV	CFO and Corporate Secretary	08/2015 to 12/2018

Notes:

1. Agrios Global Holdings Ltd. delisted from the CSE on February 3, 2021.

Corporate Cease Trade Orders

No director, officer, Insider or Promoter of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer is, or was within 10 years before the date of the prospectus, a director, officer, Insider or Promoter of any other issuer that:

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

Penalties or Sanctions

No director, officer, Insider, or Promoter of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has been subject to:

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

Bankruptcies

No director, officer, Insider, or Promoter of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer:

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

Conflicts of Interest

There are potential conflicts of interest to which some of the directors, officers, Insiders and Promoters of the Issuer will be subject in connection with the operations of the Issuer. Some of the directors, officers, Insiders and Promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Issuer for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where some of the directors, officers, Insiders and Promoters will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. Specifically, the BCBCA provides, among other things, that if a director or officer of a company holds any office or possesses any property, right or interest that materially conflicts with that

individual's duty or interest as a director or senior officer of the company, the director or senior officer must disclose, in accordance with section 153 of the BCBCA, the nature and extent of the conflict.

AUDIT COMMITTEE

Exchange Policy 3.1 requires that the Issuer have an audit committee of at least three directors, the majority of whom are not employees, Control Persons or officers of the Issuer or any of its Associates or Affiliates. The audit committee will be responsible for overseeing the accounting and financial reporting processes of the Issuer and audits of the financial statements of the Issuer. The text of the audit committee's charter is attached to this prospectus as Schedule "A".

Given the current prescribed nature of the Issuer and its principal business being limited to identifying and evaluating assets or businesses with a view to completing, a Qualifying Transaction, it is anticipated that, prior to the Completion of the Qualifying Transaction, the only committee of the board of directors will be the audit committee.

The Issuer has appointed an audit committee consisting of the following three directors: Herrick Lau (Chair), Denise Lok, and David Velisek. All three members are independent of the Issuer for the purposes of Exchange Policy 3.1 and National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Each of Herrick Lau, Denise Lok and David Velisek is financially literate.

Relevant Education and Experience

Each member of the Issuer's audit committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Issuer to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer's financial statements or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Herrick Lau: Mr. Lau is an experienced investment banking professional who has conducted transactions in initial public offerings, reverse takeovers, financings, mergers & acquisitions, divestitures, and various advisory services. Through his over 20 years of experience in financial management and corporate finance, Mr. Lau is experienced in developing financing strategy, liaising with external parties, devising business development plans and maintaining compliance with corporate governance. Since 2007, Mr. Lau has been the Managing Director of Baron Global Financial Canada Ltd, a Vancouver-based financial advisory firm. He also has experience as a senior financial executive in public companies, having acted as CFO and/or director for various public companies listed on the TSX Exchange, the TSX Venture Exchange and the Canadian Securities Exchange. Mr. Lau currently sits on the BC Local Advisory Committee of the TSX Venture Exchange. Mr. Lau obtained his bachelor and master's degrees in Business and Economics from Simon Fraser University in Vancouver, British Columbia, Canada and is a charter holder of the Chartered Financial Analyst designation.

Denise Lok: Denise Lok is currently employed with Baron Global Financial Canada Ltd. as Senior Manager, Corporate Finance. Ms. Lok is a Chartered Professional Accountant and holds a Bachelor of Commerce degree in Accounting and Transportation Logistics from the University of British Columbia.

David Velisek: Mr. Velisek is currently employed with Baron Global Financial Canada Ltd. as Manager, Corporate Development. Mr. Velisek has been involved in capital markets for over twenty-five years in investor relations, as a trader of equities, options and futures as well as an investment advisor. Mr. Velisek obtained financial experience through his years of analyzing financial statements and performance measurement ratios during his years as an investment advisor.

Audit Committee Oversight

At no time since the commencement of the Issuer's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Issuer's Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Issuer's most recently completed financial year has the Issuer relied on the exemption in Sections 2.4, 6.1.1(4), (5) and (6) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The audit committee is authorized by the Issuer's Board of Directors to review the performance of the Issuer's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Issuer. The audit committee is authorized to approve in writing any non-audit services or additional work which the chairman of the audit committee deems is necessary, and the chairman will notify the other members of the audit committee of such non-audit or additional work and the reasons for such non-audit work for the committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Issuer's external auditors during the financial period from the incorporation date of March 4, 2021 to June 30, 2021 for audit and non-audit related services provided to the Issuer are as follows:

From Incorporation on March 4, 2021 to June 30, 2021	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾
2021	\$15,000	Nil	Nil	Nil

Notes:

1. Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

Exemption

The Issuer has not relied on any exemptions contemplated under NI 52-110.

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 to indirectly, by the Issuer to a Non-Arm's Length Party to the Issuer 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 Issuer or any Resulting Issuer by any means, other than

- (a) grants of Options as described in “Options to Purchase Securities”;
- (b) payment for and reimbursement of certain expenses as described in “Use of Proceeds – Permitted Use of Funds” and “Use of Proceeds – Prohibited Payments to Non-Arm’s Length Parties”; and
- (c) finder’s fees as described in “Use of Proceeds – Finder’s Fees”.

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

DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 25% or \$0.025 per Share. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Issuer, and is set forth below:

	Offering
Gross proceeds of prior share issues	\$100,000
Gross proceeds of this Offering	<u>\$200,000</u>
Total gross proceeds after this Offering	\$300,000
Offering price per share	\$0.10
Gross proceeds per share after this Offering	\$0.075
Dilution per share to subscriber	\$0.025
Percentage of dilution in relation to offering price	25%

RISK FACTORS

Investment in Common Shares must be regarded as highly speculative due to the proposed nature of the Issuer’s business and its present stage of development. The following is a list of risk factors that a prospective investor should consider before subscribing for Shares:

1. the Issuer was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
2. investments in the Common Shares offered by this prospectus is highly speculative given the proposed nature of the Issuer’s business and its present stage of development;
3. the directors and officers of the Issuer will only devote a portion of their time to the business and affairs of the Issuer 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;
4. assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 25% or \$0.025 per Common Share; calculated as set forth under “Dilution” above;
5. 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 their Common Shares;

6. until Completion of a Qualifying Transaction, the Issuer is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
7. the Issuer has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Issuer will be able to identify a suitable Qualifying Transaction;
8. even if a proposed Qualifying Transaction is identified, there can be no assurance that the Issuer will be able to successfully complete the transaction; the failure to complete a Qualifying Transaction could result in the delisting of the Issuer's Common Shares from the Exchange, and the entire loss of a purchaser's investment;
9. 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;
10. 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 Issuer of fair value for the Common Shares;
11. upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Issuer will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained (if required) and certain preliminary reviews have been conducted. The Common Shares of the Issuer may 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 Issuer completing the proposed Qualifying Transaction;
12. trading in the Common Shares of the Issuer may be halted at other times for other reasons, including without limitation, for failure by the Issuer to submit documents to the Exchange in the time periods required;
13. neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
14. in the event that management of the Issuer resides outside of Canada or the Issuer 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;
15. the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Issuer 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 Issuer; and
16. subject to prior Exchange acceptance, the Issuer may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Issuer will be able to recover that loan.

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Issuer 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.

DIVIDEND RECORD AND POLICY

The Issuer has not paid any dividends since incorporation and it has no plans to pay dividends. The directors of the Issuer will determine if and when dividends should be declared and paid in the future based on the Issuer's financial position at the relevant time. All of the Common Shares are entitled to an equal share in any dividends declared and paid.

INVESTOR RELATIONS AGREEMENTS

The Issuer has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Issuer or its securities or to engage in activities for the purposes of stabilizing the market.

LEGAL PROCEEDINGS

The Issuer is not currently a party to any legal proceedings, nor is the Issuer currently contemplating any legal proceedings which are material to its business. Management of the Issuer is currently not aware of any legal proceedings contemplated against the Issuer.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENT

The Issuer is not a "related issuer" or "connected issuer" of the Agent (as such terms are defined in National Instrument 33-105 *Underwriting Conflicts*).

RELATIONSHIP BETWEEN THE ISSUER AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Capiche Legal LLP, on behalf of the Issuer, and by Miller Thomson LLP, on behalf of the Agent.

No Person whose profession or business gives authority to a statement made by such Person and who is named in this prospectus has received or will receive a direct or indirect interest in the property of the Issuer or any Associate or Affiliate of the Issuer. As at the date hereof, the aforementioned Persons beneficially own, directly or indirectly, no securities of the Issuer or its Associates and Affiliates. In addition, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or expected to be elected, appointed or employed as a director, senior officer or employee of the Issuer or of an Associate or Affiliate of the Issuer, or a Promoter of the Issuer or of an Associate or Affiliate of the Issuer.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers of the Issuer have acquired Common Shares. See "Principal Shareholders".

AUDITORS

The auditor of the Issuer is Davidson & Company Chartered Professional Accountants LLP, of 1200-609 Granville Street, Vancouver, British Columbia, V7Y 1G6. The auditor is independent with respect to the Issuer within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Common Shares is Olympia Trust Company, of 925 West Georgia Street, Suite 1900, Vancouver, British Columbia, V6C 3L2.

MATERIAL CONTRACTS

The following are the material contracts of the Issuer entered into since the date of its incorporation:

- (a) Registrar and Transfer Agent Agreement dated ◆, 2021 between the Issuer and the Trustee;
- (b) Escrow Agreement among the Issuer, the Trustee and certain shareholders of the Issuer. See “Escrowed Securities”.
- (c) Agency Agreement dated as of ◆, 2021 between the Issuer and the Agent. See “Plan of Distribution”.
- (d) Option Plan referred to under “Options to Purchase Securities”.

Copies of the material contracts described above may be inspected at the registered office of the Issuer located at Suite 1510, 789 West Pender Street, Vancouver, British Columbia, during normal business hours during the period of the distribution of the Common Shares being distributed under this prospectus and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

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

DEPOSITORY SERVICES

Except in certain limited circumstances: (i) the Common Shares will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Common Shares will not be issued to purchasers; and (iii) purchasers will receive only a customer confirmation from the Agent or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Common Shares is purchased.

The ability of a beneficial owner of Common Shares to pledge such Shares or otherwise take action with respect to such owner’s interest in such Shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Neither the Issuer nor the Agent will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Common Shares held by CDS or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Common Shares; or (iii) any advice or representation made by or with respect to CDS and those contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS participants. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS and persons, other than CDS participants, having an interest in the Common Shares must look solely to CDS participants for payments made by or on behalf of the Issuer to CDS in respect of the Common Shares.

ELIGIBILITY FOR INVESTMENT

In the opinion of Capiche Legal LLP, counsel for the Issuer, at the time of Closing, provided that the Common Shares are at that time listed and posted for trading on a designated stock exchange (which includes Tiers 1 and

2 of the Exchange), the Common Shares will, at that time, be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereto in effect on the date hereof for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered disability savings plan, deferred profit sharing plan, registered education savings plan or tax free savings account (“**TFSA**”), all as defined in the Tax Act (collectively, the “**Investment Plans**”).

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

Notwithstanding that a Common Share may be a qualified investment, if the Common Shares are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF (a “**Registered Plan**”), the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, (such holder or annuitant being a “Controlling Individual” of the Registered Plan) will be subject to a penalty tax in respect of the Common Shares as set out in the Tax Act. A Common Share will generally not be a prohibited investment for a trust governed by a Registered Plan provided that the Controlling Individual of the Registered Plan deals at arm’s length with the Issuer for the purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Issuer. In general terms, a Controlling Individual of a Registered Plan will have a significant interest in the Issuer if the Registered Plan, the Controlling Individual, and other persons not dealing at arm’s length with the Controlling Individual together, directly or indirectly, own not less than 10% of the outstanding Common Shares or of any other class of shares of the Issuer or of any other corporation that is related to the Issuer. Investors should consult their own tax advisors with respect to whether Common Shares will be a prohibited investment having regard to their particular circumstances.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Provinces of British Columbia and Alberta provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

FINANCIAL STATEMENTS

Attached to and forming part of this prospectus are audited financial statements of the Issuer for the period from the date of incorporation to June 30, 2021. The Issuer’s fiscal year end is June 30.

Penbar Capital Ltd.

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION
ON MARCH 4, 2021 TO JUNE 30, 2021**

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Penbar Capital Ltd.

Opinion

We have audited the accompanying financial statements of Penbar Capital Ltd. (the "Company"), which comprise the statement of financial position as at June 30, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from incorporation on March 4, 2021 to June 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred an accumulated deficit of \$2,686. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Vancouver, Canada

Chartered Professional Accountants

DATE

Penbar Capital Ltd.
Statement of Financial Position
(Expressed in Canadian dollars)

	June 30, 2021
	\$
Assets	
Current assets	
Cash	77,465
Prepaid expenses	19,849
Total assets	<u>97,314</u>
Shareholders' Equity	
Share capital (note 7)	100,000
Deficit	<u>(2,686)</u>
Total shareholders' equity	<u>97,314</u>

Nature and continuance of operations (note 1)
Subsequent event (note 12)

Approved on behalf of the Board of Directors on XX, 2021.

"Herrick Lau"
Director

"David Velisek"
Director

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

Penbar Capital Ltd.
Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Period from incorporation on March 4, 2021 to June 30, 2021
	\$
Expenses	
Professional fees	2,651
General and administrative	<u>35</u>
Loss and comprehensive loss for the period	<u>(2,686)</u>
Loss per share – basic and diluted	<u>(0.00)</u>
Weighted-average number of common shares outstanding - basic and diluted	<u>2,000,000</u>

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

Penbar Capital Ltd.
Statement of Change in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Common Shares	Common Shares	Deficit	Total
		\$	\$	\$
Balance, March 4, 2021	-	-	-	-
Incorporation share	1	1	-	1
Incorporation share cancellation	(1)	(1)	-	(1)
Shares issued pursuant to private placement (note 7)	2,000,000	100,000	-	100,000
Loss for the period	-	-	(2,686)	(2,686)
Balance, June 30, 2021	2,000,000	100,000	(2,686)	(97,314)

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

Penbar Capital Ltd.
Statement of Cash Flows
(Expressed in Canadian dollars)

	Period from incorporation on March 4, 2021 to June 30, 2021
	\$
Operating activities	
Loss for the period	(2,686)
Increase in prepaid expenses	(19,849)
Net cash used in operating activities	<u>(22,535)</u>
Financing activities	
Proceeds from share issuances	<u>100,000</u>
Net cash provided by financing activities	<u>100,000</u>
Change in cash during the period	77,465
Cash, beginning of the period	<u>-</u>
Cash, end of the period	<u>77,465</u>

There were no significant non-cash transactions during the period from incorporation on March 4, 2021 to June 30, 2021.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Penbar Capital Ltd. (the "Company") was incorporated on March 4, 2021 under the laws of British Columbia. The Company is in the process of completing an Initial Public Offering ("IPO") and listing on the TSX Venture Exchange (TSX-V") (Note 12). The Company is applying to be a Capital Pool Company ("CPC") as defined in the TSX-V Policy 2.4. The Company has not commenced commercial operations and has no significant assets. The activities of the Company are initially limited to the efforts to identify and evaluate the acquisition of assets and business, which would represent a "Qualifying Transaction" for regulatory purposes. The head office and the records and registered office is located at 2250 - 1055 W Hastings St. Vancouver, British Columbia, V6E 2E9.

Since incorporation on March 4, 2021, the Company has had no active business operations. As a CPC, the Company's principal business objective will be to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4 subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has an accumulated deficit of \$2,686 as at June 30, 2021. The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. All of the preceding indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

These financial statements were authorized by the Board of Directors on XX, 2021.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PRESENTATION

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

b) Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

c) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

d) Financial instruments

Recognition

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Financial instruments *(continued)*

Classification

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

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

The Company has implemented the following classifications:

- Cash is classified as assets at fair value through profit or loss and any period change in fair value is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

Impairment

The Company assesses all information available, including on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Estimates

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

5. CHANGES IN ACCOUNTING POLICIES

Future accounting standards

As the date of authorization of these consolidated financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments are not expected to have a material impact on the Company's financial statements.

6. RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As of June 30, 2021, there were no amounts due to related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

During the period from incorporation on March 4, 2021 to June 30, 2021, \$Nil was recorded as compensation costs for key management personnel and companies related to them.

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

As at June 30, 2021, the issued share capital comprised of 2,000,000 common shares.

Since incorporation, the Company issued 2,000,000 seed common shares of the Company at a price of 0.05 per share for total proceeds of \$100,000.

c) Stock options

During the period ended June 30, 2021, the Company adopted an incentive stock option plan (the 'Plan') whereby the Company may issue stock options up to 10% of the issued and outstanding common shares, not to exceed 400,000 while the Company remains a CPC, of the Company to eligible directors, officers, employees or consultants. These options may be granted for a maximum term of ten years from the date of grant and vest as determined by the board of directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares, subject to a minimum exercise price of \$0.05.

Any common shares acquired pursuant to the exercise of options under the Plan prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

There is no stock option issued and outstanding as of June 30, 2021.

8. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2021 was based on the loss attributable to common shareholders of \$2,686 and the weighted average number of common shares outstanding of 2,000,000.

9. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements and there were no changes to management's approach to capital management during the period ended June 30, 2021.

10. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets.

Financial risk management

• Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

10. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management *(continued)*

- **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 9.

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuance when required. The Company does not have investments in any asset backed deposits.

- **Market Risk**

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

- **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

- **Currency Risk**

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company is not exposed to significant currency risk. The Company has not entered into any foreign currency contracts to mitigate this risk.

11. INCOME TAXES

The following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery

		From March 4, 2021 (incorporation), to June 30, 2021
Loss before income taxes	\$	2,686
Statutory rate		27%
Expected recovery of income tax	\$	725
Change in unrecognized deductible temporary differences		(725)
Total income tax recovery	\$	-

The following is a summary of the Company's deferred tax assets:

		As at December 31, 2020
Loss carry forwards	\$	2,686
Unrecognized deferred tax asset		(2,686)
Net deferred tax asset	\$	-

As at December 31, 2020, the Company has estimated non-capital losses for Canadian income tax purposes of \$2,686 that may be carried forward to reduce taxable income derived in future years. These losses expire during 2041.

12. SUBSEQUENT EVENT

The Company is pursuing an IPO of up to 2,000,000 common shares at \$0.10 per share to raise gross proceeds of \$200,000 and, on July 8, 2021, entered into an engagement agreement with Canaccord Genuity Corp., (the "Agent") as agent for the IPO. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the common shares pursuant to the IPO. In addition, the Company will pay the Agent an administration fee of \$15,000 and will pay the Agent's legal fees, and any other reasonable costs and expenses of the Agent. The Company has also agreed to issue warrants to the Agent to purchase up to 10% of the total number of common shares sold pursuant to the IPO at an exercise price of \$0.10 per common share. The warrants will expire 36 months from the closing of the IPO.

In addition, the Company approved the issuance of 400,000 incentive stock options to be granted on completion of the IPO. The options will be exercisable at a price of \$0.10 for a period of 10 years from the date on which the Company's common shares commence trading on the TSX-V.

SCHEDULE “A”
AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

PENBAR CAPITAL LTD. (the “Company”)

1. OVERALL PURPOSE AND OBJECTIVES

The Audit Committee will assist the directors (the “**Directors**”) of the Company in fulfilling their responsibilities under applicable legal and regulatory requirements. To the extent considered appropriate by the Audit Committee or as required by applicable legal or regulatory requirements, the Audit Committee will review the financial reporting process of the Company, the system of internal controls and management of the financial risks of the Company and the audit process of the financial information of the Company. In fulfilling its responsibilities, the Audit Committee should maintain an effective working relationship with the Directors, management of the Company and the external auditor of the Company as well as monitor the independence of the external auditor.

2. AUTHORITY

(a) The Audit Committee shall have the authority to:

- (i) engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
- (ii) set and pay the compensation for any advisors employed by the Audit Committee;
- (iii) communicate directly with the internal and external auditor of the Audit Committee and require that the external auditor of the Company report directly to the Audit Committee; and
- (iv) seek any information considered appropriate by the Audit Committee from any employee of the Company.

(b) The Audit Committee shall have unrestricted and unfettered access to all personnel and documents of the Company and shall be provided with the resources reasonably necessary to fulfill its responsibilities.

3. MEMBERSHIP AND ORGANIZATION

(a) The Audit Committee will be composed of at least three members. The members of the Audit Committee shall be appointed by the Directors to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The majority of the members of the Audit Committee must be Directors who are independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules and regulations, and stock exchange requirements (“Applicable Laws”). In this Charter, the terms “independent” and “financially literate” have the meaning ascribed to such terms by Applicable Laws, and include the meanings given to similar terms by Applicable Laws, including in the case of the term “independent” the terms “outside” and “unrelated” to the extent such latter terms are applicable under Applicable Laws.

(b) The chairman of the Audit Committee will be an independent Director and will be appointed by the Audit Committee from time to time and must have such accounting or related financial management expertise as the Directors may determine in their business judgment.

(c) The secretary of the Audit Committee will be the chosen by the Audit Committee.

- (d) The Audit Committee may invite such persons to meetings of the Audit Committee as the Audit Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or Applicable Laws.
- (e) The Audit Committee may invite the external auditor of the Company to be present at any meeting of the Audit Committee and to comment on any financial statements, or on any of the financial aspects, of the Company.
- (f) The Audit Committee will meet as considered appropriate or desirable by the Audit Committee. Any member of the Audit Committee or the external auditor of the Company may call a meeting of the Audit Committee at any time upon 48 hours' prior written notice.
- (g) All decisions of the Audit Committee shall be by simple majority and the chairman of the Audit Committee shall not have a deciding or casting vote.
- (h) Minutes shall be kept in respect of the proceedings of all meetings of the Audit Committee.
- (i) No business shall be transacted by the Audit Committee except at a meeting of the members thereof at which a majority of the members thereof is present.
- (j) The Audit Committee may transact its business by a resolution in writing signed by all the members of the Audit Committee in lieu of a meeting of the Audit Committee.

4. ROLE AND RESPONSIBILITIES

To the extent considered appropriate or desirable or required by applicable legal or regulatory requirements, the Audit Committee shall:

- (a) recommend to the Directors
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, and
 - (ii) the compensation to be paid to the external auditor of the Company;
- (b) review the proposed audit scope and approach of the external auditor of the Company and ensure no unjustifiable restriction or limitations have been placed on the scope of the proposed audit;
- (c) meet separately and periodically with the management of the Company, the external auditor of the Company and the internal auditor (or other personnel responsible for the internal audit function of the Company) of the Company to discuss any matters that the Audit Committee, the external auditor of the Company or the internal auditor of the Company, respectively, believes should be discussed privately;
- (d) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, including the resolution of disagreements between management of the Company and the external

auditor of the Company regarding any financial reporting matter and review the performance of the external auditor of the Company;

- (e) review judgmental areas, for example those involving a valuation of the assets and liabilities and other commitments and contingencies of the Company;
- (f) review audit issues related to the material associated and affiliated entities of the Company that may have a significant impact on the equity investment therein of the Company;
- (g) meet with management and the external auditor of the Company to review the annual financial statements of the Company and the results of the audit thereof;
- (h) review and determine if internal control recommendations made by the external auditor of the Company have been implemented by management of the Company;
- (i) pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company and, to the extent considered appropriate:
 - (i) adopt specific policies and procedures in accordance with Applicable Laws for the engagement of such non-audit services; and/or
 - (ii) delegate to one or more independent members of the Audit Committee the authority to pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company provided that the other members of the Audit Committee are informed of each such non-audit service;
- (j) consider the qualification and independence of the external auditor of the Company, including reviewing the range of services provided by the external auditor of the Company in the context of all consulting services obtained by the Company;
- (k) consider the fairness of the Interim Financial Report and financial disclosure of the Company and review with management of the Company whether,
 - (i) actual financial results for the interim period varied significantly from budgeted or projected results,
 - (ii) generally accepted accounting principles have been consistently applied,
 - (iii) there are any actual or proposed changes in accounting or financial reporting practices of the Company, and
 - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure;
- (l) review the financial statements of the Company, management's discussion and analysis and any annual and interim earnings press releases of the Company before the Company publicly discloses such information and discuss these documents with the external auditor and with management of the Company, as appropriate;

- (m) review and be satisfied that adequate procedures are in place for the review of the public disclosure of the Company of financial information extracted or derived from the financial statements of the Company, other than the public disclosure referred to in paragraph 4(l) above, and periodically assess the adequacy of those procedures;
- (n) establish procedures for,
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters relating to the Company;
- (o) review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;
- (p) review the areas of greatest financial risk to the Company and whether management of the Company is managing these risks effectively;
- (q) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and consider their impact on the financial statements of the Company;
- (r) review any legal matters which could significantly impact the financial statements of the Company as reported on by counsel and meet with counsel to the Company whenever deemed appropriate;
- (s) institute special investigations and, if appropriate, hire special counsel or experts to assist in such special investigations;
- (t) at least annually, obtain and review a report prepared by the external auditor of the Company describing:
 - the firm's quality-control procedures;
 - any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
 - and (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- (u) review with the external auditor of the Company any audit problems or difficulties and management's response to such problems or difficulties;
- (v) discuss the Company's earnings press releases, as well as financial information and earning guidance provided to analysts and rating agencies, if applicable; and

- (w) review this charter and recommend changes to this charter to the Directors from time to time.

5. COMMUNICATION WITH THE DIRECTORS

- (a) The Audit Committee shall produce and provide the Directors with a written summary of all actions taken at each Audit Committee meeting or by written resolution.
- (b) The Audit Committee shall produce and provide the Directors with all reports or other information required to be prepared under Applicable Laws.

CERTIFICATE OF THE ISSUER

Dated: August 16, 2021

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

“David Eaton”

DAVID EATON

President and Chief Executive Officer

“Queenie Kuang”

QUEENIE KUANG

Chief Financial Officer and Corporate Secretary

ON BEHALF OF THE BOARD

“Herrick Lau”

HERRICK LAU

Director

“Denise Lok”

DENISE LOK

Director

“David Velisek”

DAVID VELISEK

Director

CERTIFICATE OF THE AGENT

Dated: August 16, 2021

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

CANACCORD GENUITY CORP.

“Glenda Chin”

GLENDAL CHIN

Director, Underwriting & Retail Syndication