

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

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

PRELIMINARY PROSPECTUS

INITIAL PUBLIC OFFERING

October 3, 2018

PINEHURST CAPITAL II INC.
(a Capital Pool Corporation)

\$200,000 (2,000,000 Common Shares)

Price: \$0.10 per Common Share

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

The Corporation hereby offers through its agent, M Partners Inc. (the "Agent"), 2,000,000 common shares in the capital of the Corporation ("Common Shares") at a price of \$0.10 per Common Share (the "Offering Price") for gross proceeds of \$200,000. This prospectus qualifies the distribution of 2,000,000 Common Shares.

Distribution

	Common Shares	Price to public	Agent's commission ⁽¹⁾	Net Proceeds to the Corporation ⁽²⁾
Per Common Share	1	\$0.10	\$0.01	\$0.09
Offering	2,000,000	\$200,000	\$20,000	\$180,000

Notes:

- (1) The Agent will receive a commission of 10% of the gross proceeds of this Offering representing, assuming 2,000,000 Common Shares are sold under the Offering, an amount of \$20,000. As additional compensation, the Corporation will pay the Agent a corporate finance fee of \$35,000 plus HST and reasonable disbursements. See "Name of Agent and Agent's Compensation".
- (2) The costs and expenses of this issue are estimated to be approximately \$125,000 plus applicable HST, which includes the listing fee payable to the Exchange of \$15,000 plus HST, the Agent's commission of \$20,000, the Agent's corporate finance fee of \$35,000 plus HST, legal expenses of \$15,000 and other expenses of the Agent of approximately \$5,000 plus disbursements and HST, fees payable to the Commissions (as defined below) of \$7,690, fees of Corporation's counsel of approximately \$20,000 plus disbursements and HST, audit fees of approximately \$5,000, and other expenses associated with the Offering, including printing, of approximately \$1,500. See "Use of Proceeds".
- (3) The Corporation also proposes to grant options to purchase the equivalent of 10% of the outstanding Common Shares of the Corporation upon the closing of the Offering, being 400,000 Common Shares (the "Incentive Stock Options"), at a price of \$0.10 per Common Share, to the Corporation's directors and officers in accordance with the policies of the Exchange. This prospectus qualifies the distribution of the Incentive Stock Options. See "Options to Purchase Securities". The Incentive Stock Options are expected to be granted immediately following the closing of the Offering.

This Offering is made on a commercially reasonable efforts agency basis by the Agent and is subject to receipt by the Corporation of a minimum subscription of 2,000,000 Common Shares for total gross proceeds to the Corporation of \$200,000. The Offering Price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent and will not be released until a

minimum of \$200,000 has been deposited and the Agent deems as satisfied all conditions to such release pursuant to the terms of the Agency Agreement (as defined below). If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be agreed upon by 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. See "Plan of Distribution".

Market for Securities

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 Common Shares, and the extent of issuer regulation. See "Risk Factors".

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, 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.

The Corporation has applied to list its Common Shares (including the Common Shares issuable upon the exercise of the Incentive Stock Options) on the Exchange. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Incentive Stock Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the securities commissions 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 commissions grant a discretionary order.

Risk Factors

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

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

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

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

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution on investment of 20% or \$0.02 per Common Share based on the gross proceeds of this issue, before deduction of selling commissions or related expenses of the issue. See "Dilution".

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

The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin (as defined below) within 24 months from the date of listing. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of any proposed Qualifying Transaction.

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

Maximum Investment

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, or 40,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates (as defined below) or Affiliates (as defined below) of that purchaser, is 4% of the total Common Shares offered under this prospectus, or 80,000 Common Shares.

The Agent hereby offers for sale, on a commercially reasonable efforts agency basis as Agent on behalf of the Corporation, 2,000,000 Common Shares at a price of \$0.10 per Common Share. The Common Shares are conditionally offered, subject to prior sale, if, as and when issued by the Corporation, and in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval by Owens Wright LLP, on behalf of the Corporation, and by Brooks Business Lawyers, on behalf of the Agent, of such legal matters for which approval is specifically sought by the Corporation or the Agent.

Receipt of Subscriptions

Subscriptions will be received subject to rejection or allotment in whole or in part and the Corporation reserves the right to close the subscription books at any time without notice. It is expected that share certificates or similar entitlements evidencing the Common Shares in definitive form will be available for delivery at closing of this Offering.

TABLE OF CONTENTS

GLOSSARY	1
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	7
PROSPECTUS SUMMARY	8
CORPORATE STRUCTURE.....	10
Name, Incorporation and Place of Business	10
BUSINESS OF THE CORPORATION.....	10
Preliminary Costs	10
Proposed Operations Until Completion of the Qualifying Transaction.....	10
Method of Financing Acquisitions.....	10
Criteria for a Qualifying Transaction.....	10
Filings and Shareholder Approval of a Non Arm’s Length Qualifying Transaction.....	10
Initial Listing Requirements.....	11
Trading Halts, Suspensions and Delisting	11
Refusal of Qualifying Transaction	12
USE OF PROCEEDS.....	12
Proceeds and Principal Purposes.....	12
Permitted Use of Funds.....	13
Restrictions on Use of Proceeds.....	14
Private Placements for Cash.....	14
Prohibited Payments to Non Arm’s Length Parties	15
PLAN OF DISTRIBUTION	15
Name of Agent and Agent’s Compensation	15
Commercially Reasonable Efforts Offering and Minimum Distribution	15
Other Securities to be Distributed.....	16
Determination of Price	16
Listing Application	16
Subscriptions by and Restrictions on the Agent	16
Restrictions on Trading.....	16
DESCRIPTION OF SECURITIES DISTRIBUTED	16
General	16
CAPITALIZATION.....	16
OPTIONS TO PURCHASE SECURITIES	17
Options Granted	17
Stock Option Terms	17
PRIOR SALES.....	18
ESCROWED SECURITIES	18
Securities Escrowed Prior to the Completion of the Qualifying Transaction.....	18
Escrowed Securities on Qualifying Transaction.....	19
PRINCIPAL SHAREHOLDERS.....	21
Principal Shareholders	21
DIRECTORS, OFFICERS AND PROMOTER	21
Name, Address, Occupation, Security Holdings and Involvement with Other Reporting Issuers	21
Promoter.....	22

Management of the Corporation	22
Other Reporting Issuer Experience	23
Aggregate Ownership of Securities	23
Corporate Cease Trade Orders or Bankruptcies.....	23
Penalties or Sanctions	24
Personal Bankruptcies	24
Conflict of Interests.....	24
Audit Committee.....	24
EXECUTIVE COMPENSATION	24
Remuneration	24
DILUTION.....	25
Dilution	25
RISK FACTORS.....	25
Risk Factors.....	25
LEGAL PROCEEDINGS	27
RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT.....	27
RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS	27
AUDITORS, TRANSFER AGENTS AND REGISTRARS	27
Auditors.....	27
Transfer Agent and Registrar	27
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	27
MATERIAL CONTRACTS	28
ELIGIBILITY FOR INVESTMENT	28
PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	28
FINANCIAL STATEMENTS	30
CERTIFICATE OF THE CORPORATION	42
CERTIFICATE OF THE AGENT	44

GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this prospectus.

"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.

"Aggregate Pro Group" means all Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the Issuer to provide financing, sponsorship and other advisory services.

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

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

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

"Associate" when used to indicate a relationship with a person or company, means

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

- 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;
- d) in the case of a Person who is an individual:
 - i. that Person's spouse or child; or
 - ii. any relative of that Person or of his spouse who has the same residence as that Person, but
- e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 with respect to that Member firm, Member corporation or holding company.

"**Commissions**" means the securities regulatory authority in each of the provinces of British Columbia, Alberta and Ontario.

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

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

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

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

"**Corporation**" means Pinehurst Capital II Inc.

"**CPC**" means a corporation:

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

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

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

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

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

"HST" means Harmonized Sales Tax.

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

"Insider" if used in relation to an Issuer, means:

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

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

"Majority of the Minority Approval" means the approval of a Non Arm's Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

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

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

"Member" 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.

"Non Arm's Length Party" means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any of such Persons or another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the Company. 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.

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

"**Principal**" means:

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

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

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

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

"**Pro Group**"

- a) Subject to subparagraphs (b), (c) and (d), "Pro Group" shall include, either individually or as a group:
 - i. the Member;
 - ii. employees of the Member;
 - iii. partners, officers and directors of the Member;
 - iv. Affiliates of the Member; and
 - v. Associates of any parties referred to in subparagraphs (i) through (iv);
- b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;

- c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member;
- d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
 - i. the Person is an Affiliate or Associate of the Member 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.

"**Prospectus**" means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable Securities Laws.

"**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.

"**Regulation Services Provider**" has the meaning ascribed to it in National Instrument 21-101 – *Marketplace Operation* and refers to the Investment Industry Regulatory Organization of Canada (or "IIROC") or any successor retained by the Exchange.

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

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

"**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer.

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

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

"**Sponsor**" means a Member that meets the criteria specified in 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.

"**Sponsor Report**" has the meaning ascribed to it in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

"**Sponsorship Acknowledgement Form**" has the meaning ascribed to it in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

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

"**Transfer Agent**" means Computershare Trust Company of Canada.

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

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

"**Voting Share**" means a security of an Issuer that:

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained herein, including, without limitation, financial and business prospects and financial outlooks, may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will," "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risks and uncertainties including those discussed under "Risk Factors" and elsewhere in this prospectus. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward looking statements. Investors should not place undue reliance on forward-looking statements.

Forward-looking statements included in this prospectus include, but are not limited to, statements with respect to:

- the focus of the Corporation on the identification and evaluation of potential Qualifying Transactions, and its ability to complete such transactions within the applicable time periods;
- the Corporation's strategy in connection with potential Qualifying Transactions, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- the emergence of accretive growth opportunities; and
- realization of the anticipated benefits of a Qualifying Transaction.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements contained in this prospectus include, but are not limited to:

- general economic conditions in Canada and globally;
- the Corporation's ability to meet its working capital needs in the short and long term;
- governmental regulation;
- fluctuation in foreign exchange or interest rates;
- failure to obtain third party permits, consents and approvals, when required, or at all;
- stock market volatility and market valuations;
- competition for, among other things, capital and skilled personnel; and
- the other factors outlined under "Risk Factors".

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this prospectus are expressly qualified by this cautionary statement.

These forward-looking statements are made as of the date of this prospectus, and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required under applicable securities laws.

PROSPECTUS SUMMARY

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

- The Corporation:** Pinehurst Capital II Inc.
- Business of the Corporation** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than cash. See "Business of the Corporation".
- The Offering:** 2,000,000 Common Shares are being offered under this prospectus at a price of \$0.10 per Common Share for gross proceeds of \$200,000. This Offering is made on a commercially reasonable efforts agency basis by the Agent. The Corporation also intends to grant options to purchase the equivalent of 10% of the outstanding Common Shares of the Corporation immediately following closing of the Offering to the Corporation's directors and officers being, in aggregate, 400,000 Common Shares. The securities to be issued to both the Agent and the officers and directors are qualified for distribution under this prospectus. See "Plan of Distribution" and "Options to Purchase Securities".
- Use of Proceeds:** Assuming completion of this Offering, the total net proceeds to the Corporation, accounting for total cash proceeds raised prior to this Offering and total proceeds of this Offering, net of all Offering expenses, will be approximately \$175,000. The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation and \$210,000, may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds" and "Risk Factors".
- Directors and Management:**
- | | |
|-------------------|----------------------------------|
| David Rosenkrantz | Director, President, CEO and CFO |
| Paul De Luca | Director, Secretary |
| Ilana Prussky | Director, Treasurer |
- See "Directors, Officers and Promoter".
- Escrow:** All of the currently issued and outstanding Common Shares of the Corporation, being 2,000,000 Common Shares, will be deposited in escrow pursuant to the terms of an Escrow Agreement (as defined below) and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".
- Risk Factors:** **Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

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

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

Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 20% or \$0.02 per Common Share on the gross proceeds of this issue, before deduction of selling commissions or related expenses of the issue. An acquisition financed by the issuance of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

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

The Qualifying Transaction may involve the acquisition of a business or assets located outside Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin (as defined below) within 24 months from the date of listing. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of any proposed Qualifying Transaction.

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

CORPORATE STRUCTURE

Name, Incorporation and Place of Business

The full corporate name of the Corporation is Pinehurst Capital II Inc. The Corporation was incorporated under the laws of the Province of Ontario on July 13, 2018 pursuant to the *Business Corporations Act* (Ontario). The registered and head office address of the Corporation is 20 Holly Street, Suite 300, Toronto, Ontario, M4S 3B1.

BUSINESS OF THE CORPORATION

Preliminary Costs

As of the date of the most recent balance sheet included with this prospectus, the Corporation has incurred in the aggregate approximately \$25,000 plus applicable HST in preliminary costs relating to the Offering as follows: (i) approximately \$20,000 plus HST has been incurred in respect of the accrual of the Corporation's legal fees; and (ii) approximately \$5,000 plus HST has been incurred in respect of the accrual of the Corporation's audit fees. Certain proceeds from the Offering may be used to satisfy the obligations of the Corporation related to this Offering, including the expenses of auditors, legal counsel and the Agent's legal counsel. For further information, please refer to the section entitled "Use of Proceeds".

Proposed Operations Until Completion of the Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any 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. As of the date hereof, the Corporation has not conducted commercial operations.

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

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

Method of Financing Acquisitions

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

Criteria for a Qualifying Transaction

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

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

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Common Shares until the filing requirements of the

Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement may be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2. Upon acceptance by the Exchange, the Corporation must then:

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

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

- i. in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of the Minority Approval of the Qualifying Transaction;
- ii. confirmation of closing of the Qualifying Transaction; and
- iii. all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

Initial Listing Requirements

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

Trading Halts, Suspensions and Delisting

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms or, if applicable, declarations, for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

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

- a) the unacceptable nature of the business of the Resulting Issuer; or

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

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

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner. See "Filings and Shareholder Approval of a Non Arm's Length 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;
- b. the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
 - i. a Member firm of the Exchange;
 - ii. registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
 - iii. Associates of any such Person,

collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- c. the Resulting Issuer will be a financial institution, finance Company, finance Issuer or mutual fund, as defined in the securities legislation;
- d. the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- e. notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Proceeds and Principal Purposes

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

Principal Purposes	Offering
Cash proceeds raised prior to this Offering ⁽¹⁾	\$100,000
Expenses and costs relating to raising the cash proceeds prior to this Offering	Nil

Cash proceeds to be raised pursuant to this Offering	\$200,000
Expenses and costs relating to the Offering (including listing fees, the Agent's corporate finance fee and commission, legal fees, audit fees and expenses) ⁽²⁾⁽³⁾	(\$125,000)
Estimated funds available (on completion of the Offering)⁽⁴⁾	\$175,000
Funds available for identifying and evaluating assets or business prospects ⁽⁵⁾	\$175,000
TOTAL NET PROCEEDS	\$175,000

Notes:

See "Prior Sales".

- (1) Expenses include the Agent's commission of \$20,000, together with costs and expenses of this issue estimated to be approximately \$125,000, including the listing fee payable to the Exchange of \$15,000 plus HST and to the Commissions of \$7,690, corporate finance fee of \$35,000 plus HST, legal expenses of \$15,000 and other expenses of the Agent of approximately \$5,000 plus disbursements and HST, fees of Corporation's counsel of approximately \$20,000 plus disbursements and HST, audit fees of approximately \$5,000, and other expenses associated with the Offering, including printing, of approximately \$1,500.
- (2) Of this amount, approximately \$25,000 has been incurred to date.
- (3) In the event the Incentive Stock Options are exercised, there will be available to the Corporation \$40,000 in additional funds which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (4) In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$175,000 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

The estimated working capital of the Corporation as at October 2, 2018 before filing this prospectus was \$75,000.

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

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

Permitted Use of Funds

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

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

- a) valuations or appraisals;
- b) business plans;
- c) feasibility studies and technical assessments;
- d) sponsorship reports;
- e) engineering or geological reports;

- f) financial statements, including audited financial statements;
- g) fees for legal and accounting services; and
- h) Agent's fees, costs and commissions,

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

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

Restrictions on Use of Proceeds

Pursuant to the CPC Policy, until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation and \$210,000, may be used for purposes other than those described above. For greater certainty, expenditures which are not included as "Permitted Uses of Funds" listed above include:

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

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

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares.

Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm's Length Parties by the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non Arm's Length Parties

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to a Person engaged in investor relations activities, by any means, including:

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

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

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "Permitted Use of Funds".

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

PLAN OF DISTRIBUTION

Name of Agent and Agent's Compensation

Pursuant to an agency agreement (the "Agency Agreement") dated as of ●, 2018, between the Corporation and the Agent, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts agency basis to the public 2,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$200,000, subject to the terms and conditions of the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds of the Offering. In addition, the Corporation will pay to the Agent a corporate finance fee of \$35,000 plus HST and reasonable disbursements and will pay the Agent's legal fees of \$15,000 and other expenses estimated at \$5,000 plus HST and disbursements. This prospectus qualifies the distribution of 2,000,000 Common Shares. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Commercially Reasonable Efforts Offering and Minimum Distribution

The total Offering consists of 2,000,000 Common Shares for total gross proceeds of \$200,000. Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus, or 40,000 Common Shares. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total Common Shares offered under this prospectus, or 80,000 Common Shares. 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 and the Agent consents to the release thereof. Minimum subscriptions of 2,000,000 Common Shares for total gross proceeds of \$200,000 must be raised within 90 days of the issuance of a final receipt for this prospectus, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Other Securities to be Distributed

The Corporation also proposes to grant the Incentive Stock Options to the directors and officers of the Corporation to purchase in the aggregate up to 400,000 Common Shares, immediately following closing of the Offering in accordance with the policies of the Exchange. This prospectus qualifies the distribution of 400,000 Incentive Stock Options. See "Options to Purchase Securities".

Determination of Price

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

Listing Application

The Corporation has applied to list its Common Shares (including the Common Shares issuable upon the exercise of the Incentive Stock Options) on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

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

Subscriptions by and Restrictions on the Agent

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

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Incentive Stock Options to the directors and officers of the Corporation, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commissions 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 commissions grant a discretionary order.

DESCRIPTION OF SECURITIES DISTRIBUTED

General

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date hereof, 2,000,000 Common Shares are issued and outstanding as fully paid and non-assessable. The Corporation has reserved an aggregate of up to 400,000 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the Incentive Stock Options to be issued immediately following closing of the Offering and expiring 10 years from the date of grant. See "Plan of Distribution".

Each Common Share carries one vote at all meetings of shareholders, carries the right to receive a proportionate share, on a per share basis, of the assets of the Corporation available for distribution in the event of a liquidation, dissolution or winding-up of the Corporation and the right to receive any dividend if declared by the Corporation.

CAPITALIZATION

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

Designation of Securities	Amount Authorized	Amount Outstanding as of the date of the most recent balance sheet contained in the prospectus⁽¹⁾⁽²⁾	Amount Outstanding as of the date hereof	Amount to be outstanding upon completion of Offering⁽¹⁾⁽³⁾
Common Shares	Unlimited	2,000,000 (\$100,000)	2,000,000 (\$100,000)	4,000,000 (\$300,000)

Notes:

- (1) The Corporation has reserved an aggregate of up to 400,000 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the Incentive Stock Options to be issued immediately following the closing of the Offering and expiring 10 years from the date of grant. See "Plan of Distribution".
- (2) As of the date of the most recent balance sheet, the Corporation has not commenced commercial operations. The estimated net proceeds to the Corporation after giving effect to the Offering, and deducting the estimated costs of the issue, is \$175,000.
- (3) Before deducting the Agent's commission and expenses and other costs and expenses of the Offering.

OPTIONS TO PURCHASE SECURITIES

Options Granted

The Corporation has reserved an aggregate of up to 400,000 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the Incentive Stock Options to be issued immediately following closing of the Offering and expiring 10 years from the date of grant, as set out in the table below:

Name	Number of Common Shares Reserved Under Option⁽¹⁾	Exercise Price	Expiration Date
David Rosenkrantz	133,336	\$0.10	10 Years from date of grant
Ilana Prusky	133,332	\$0.10	10 Years from date of grant
Paul De Luca	133,332	\$0.10	10 Years from date of grant
TOTAL	400,000		

Note:

- (1) The Incentive Stock Options to purchase up to 400,000 Common Shares to be granted to the directors and officers of the Corporation immediately following the closing of the Offering (subject to regulatory approval) are qualified for distribution pursuant to this prospectus.

Stock Option Terms

The board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants of the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding Common Shares. Options may be exercised until the later of 12 months after the Completion of the Qualifying Transaction and 90 days following

cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Escrowed Securities".

PRIOR SALES

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

Date of Issue	Number of Common Shares ⁽¹⁾	Per Share Consideration	Aggregate Value of Consideration	Nature of Consideration
August 20, 2018	2,000,000	\$0.05	\$100,000	Cash
TOTAL:	2,000,000	\$0.05	\$100,000	Cash

Note:

- (1) All Common Shares indicated above are subject to escrow. See "Escrowed Securities".

ESCROWED SECURITIES

Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the 2,000,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share, all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to the Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group and Pro Group prior to this Offering will be deposited with the Transfer Agent under an escrow agreement dated ●, 2018 (the "Escrow Agreement").

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

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of the Qualifying Transaction by any Person or Company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

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

Name and Municipality of Residence of Shareholder	Common Shares ⁽¹⁾	Number of Common Shares held in Escrow	Percentage of Common Shares Prior to Giving Effect to the Offering ⁽²⁾	Percentage of Common Shares After Giving Effect to the Offering ⁽²⁾
David Rosenkrantz Toronto, Ontario	666,680	666,680	33.3%	16.7%
Ilana Prussky Toronto, Ontario	666,660	666,660	33.3%	16.7%
Paul De Luca Toronto, Ontario	666,660	666,660	33.3%	16.7%
TOTAL	2,000,000	2,000,000	100%	50%

Notes:

- (1) The Common Shares are owned both of record and beneficially by these shareholders.
- (2) Assuming that no Common Shares are purchased by these shareholders under this Offering and before the exercise of the Incentive Stock Options.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

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

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

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non-Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Transfer Agent to immediately:

- a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- b) if the Corporation lists on NEX, either
 - i. cancel all seed shares purchased by Non-Arm's Length Parties to the CPC at a discount from the IPO price, in accordance with section 11.2(a) of the CPC Policy, or
 - ii. subject to majority shareholder approval, cancel an amount of seed shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining seed shares is at least equal to the IPO price.

Escrowed Securities on Qualifying Transaction

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

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

Agreement provides for a three year escrow release mechanism with:

- a) 5% of the escrowed securities being releasable at the time of the Final Exchange Bulletin;
- b) 5% of the escrowed securities being releasable on the date which is 6 months after the Final Exchange Bulletin;
- c) 10% of the escrowed securities being releasable on each of the dates which are 12 and 18 months after the Final Exchange Bulletin;
- d) 15% of the escrowed securities being releasable on each of the dates which are 24 and 30 months after the Final Exchange Bulletin; and
- e) 40% of the escrowed securities being releasable on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18-month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an 18-month escrow release mechanism with:

- a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin;
- b) 20% of the escrowed securities being releasable on the date which is 6 months after the Final Exchange Bulletin;
- c) 30% of the escrowed securities being releasable on the date which is 12 months after the Final Exchange Bulletin; and
- d) 40% of the escrowed securities being releasable on the date which is 18 months after the Final Exchange Bulletin.

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

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

PRINCIPAL SHAREHOLDERS

Principal Shareholders

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

Name and Municipality of Residence	Type of Ownership	Number of Common Shares ⁽¹⁾	Percentage of Common Shares Prior to Giving Effect to the Offering	Percentage of Common Shares After Giving Effect to the Offering ⁽²⁾⁽³⁾
David Rosenkrantz Toronto, Ontario	Of record and beneficially	666,680	33.3%	16.7%
Ilana Prussky Toronto, Ontario	Of record and beneficially	666,660	33.3%	16.7%
Paul De Luca Toronto, Ontario	Of record and beneficially	666,660	33.3%	16.7%
Total		2,000,000	100%	50%

Notes:

- (1) These Common Shares are subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
- (2) Before giving effect to the exercise of the Incentive Stock Options. Assuming the exercise of all of the Incentive Stock Options, the percentage of Common Shares owned by these holders after the Offering would be as follows: David Rosenkrantz – 18.18%; Ilana Prussky - 18.18%; and Paul De Luca - 18.18%.
- (3) Assuming that no Common Shares are purchased by the above shareholders under this Offering.

DIRECTORS, OFFICERS AND PROMOTER

Name, Address, Occupation, Security Holdings and Involvement with Other Reporting Issuers

The board of directors of the Corporation consists of three persons. Each director will hold office until the next annual meeting of shareholders or until his successor is elected or appointed. An audit committee has been established as a subcommittee of the board of directors. The following are the names and municipalities of residence of the directors and officers of the Corporation, their current positions with the Corporation, and their current principal occupation:

Name, Municipality of Residence and Position with the Corporation	Director or Officer Since	Number of Common Shares owned	Principal Occupation
David Rosenkrantz ⁽¹⁾⁽²⁾ Toronto, Ontario Director, President, CEO and CFO	July 13, 2018	666,680	Chairman of Patuca Corporation
Ilana Prussky ⁽¹⁾ Toronto, Ontario Director, Treasurer	August 20, 2018	666,660	President of Ilana Carly Limited
Paul De Luca ⁽¹⁾ Toronto, Ontario Director, Secretary	August 20, 2018	666,660	Managing Partner of Owens Wright LLP

Note:

- (1) Member of the Audit Committee. See "Audit Committee".
- (2) Chair of the Audit Committee.

The total aggregate number of Common Shares beneficially owned, directly or indirectly, by all directors and officers of the Corporation is 2,000,000, which will be equal to 50% of the issued and outstanding Common Shares upon closing of the Offering.

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

Promoter

Ilana Prussky is the promoter of the Corporation. The total aggregate number of Common Shares beneficially owned, directly or indirectly, by the promoter of the Corporation is 666,660 Common Shares, which will be equal to 16.7% of the issued and outstanding Common Shares upon closing of the Offering. In addition, the Corporation has reserved 133,332 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the Incentive Stock Options to be granted to Ilana Prussky immediately following closing of the Offering and expiring 10 years from the date of grant. See "Options to Purchase Securities".

Management of the Corporation

The directors will devote such time and expertise to the Corporation as is required.

Ilana Prussky – Director, Treasurer, age 22

Ilana Prussky, 22, is President of Ilana Carly Limited, a consulting firm engaged in the travel industry. Ms. Prussky holds a TICO registration with the Travel Industry Council of Ontario. Ms. Prussky holds a B.A. (Economics) from The University of Western Ontario (2017).

Ms. Prussky will devote such time to the business of the Corporation as is required to effectively fulfill her duties as the Treasurer, and as a Director of the Corporation.

David Rosenkrantz – Director, President, CEO and CFO, age 60

Mr. Rosenkrantz has been involved in the investment banking industry for over 20 years. He initially joined a private investment banking boutique in 1986, and in 1993 he co-founded Patca Corporation, a private merchant bank specializing in financing the equity requirements of small-cap, high growth companies. He graduated from Carleton University with a Bachelor of Engineering (Civil) degree in 1979 and became a Professional Engineer in 1981. Mr. Rosenkrantz also holds a Masters of Business Administration from York University

Mr. Rosenkrantz has broad knowledge of both private and public capital markets. His strengths include board governance and audit committee work, financial structuring, negotiations with lenders, and business negotiations. Prior career experience includes work as a professional engineer for Stone and Webster Inc. and Shell Canada Limited.

Mr. Rosenkrantz is the Chairman of Patca Corporation, a merchant bank. Mr. Rosenkrantz currently is a director and Member of the Audit Committee of NexgenRx Inc., a leading drug adjudication business. Mr. Rosenkrantz was previously the Chairman of Carfinco Financial Group Inc. (formerly TSX:CFN prior to its acquisition by Banco Santander, S.A.), Chairman of the Board of Versent Inc., a private company, a director of RAS Completions Inc., a private company and a director of PreMD Inc. (TSX:PMD, AMEX:PME). He was also a director and Chairman of the Board of Stellar Pharmaceuticals Inc. (TSXV:SLX, Q:SLXCF), and the lead director of Medisystem Technologies Inc. (TSX:MDY, acquired by Shoppers Drug Mart Corp.).

Mr. Rosenkrantz will devote such time to the business of the Corporation as is required to effectively fulfill his duties

as the President, CEO, CFO, and as a Director, of the Corporation.

Paul De Luca – Director, Secretary, age 44

Paul De Luca is the managing partner of Owens Wright LLP, a law firm in Toronto. Mr. De Luca is experienced in corporate and securities matters, with an emphasis on corporate finance, public and private mergers and acquisitions, corporate governance and venture capital transactions. Mr. De Luca has particular experience in advising public companies in connection with securities law compliance and corporate governance matters, including ongoing advice to boards of directors and special committees as well as extensive transactional experience in all areas of corporate and securities law covering a large spectrum of industries, including technology, renewable energy, mining and financial services. Mr. De Luca is a member of the Law Society of Upper Canada and holds a Bachelor of Laws from Queens University, a Master of Laws from New York University and the ICD.D designation from the Institute of Corporate Directors.

Paul De Luca will devote such time to the business of the Corporation as is required to effectively fulfill his duties as the Secretary, and as a Director, of the Corporation.

Other Reporting Issuer Experience

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

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Term
David Rosenkrantz	NexgenRx Inc.	TSX Venture Exchange	Director	July 2013 to Present
	Aurora Spine Corporation	TSX Venture Exchange	Director	September 2013 to Present
	Carfinco Financial Group Inc.	Toronto Stock Exchange	Director	January 2012 to March, 2015
	Flow Capital Corp. (formerly, LoGiQ Asset Management Inc.)	TSX Venture Exchange	Director	June 2018 to Present
	Grenville Strategic Royalty Corp. (formerly, Troon Ventures Ltd.)	TSX Venture Exchange	Director	February 2014 to June 2018
	KGIC Inc.	TSX Venture Exchange	Director	March 2015 to June 2015
	Nordex Explosives Ltd.	TSX Venture Exchange	Director	August 2014 to August 2016

Aggregate Ownership of Securities

The directors and officers as a group own, directly or indirectly, 2,000,000 Common Shares, or 50% of the issued and outstanding shares upon completion of the Offering.

Corporate Cease Trade Orders or Bankruptcies

No director, officer, insider or promoter of the Corporation is, or within the 10 years prior to the date of this prospectus has been, a director, officer or promoter of any other Issuer that, while that person was acting in that

capacity:

- a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or
- b) 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.

Penalties or Sanctions

No director, officer, insider or promoter of the Corporation or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

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

Conflict of Interests

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

Audit Committee

Exchange Policy 3.1 requires that the Corporation have an audit committee of at least three directors, the majority of whom are not employees, Control Persons or officers of the Corporation or any of its Associates or Affiliates. The audit committee will be responsible for overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation.

Given the current prescribed nature of the Corporation 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 Corporation has appointed an audit committee consisting of the following three directors: David Rosenkrantz, Ilana Prusky and Paul De Luca.

EXECUTIVE COMPENSATION

Remuneration

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

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

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

The Corporation has reserved up to 400,000 Common Shares for stock options issued to its directors and officers. See "Options to Purchase Securities".

However, no payment, other than the Permitted Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

DILUTION

Dilution

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 20% or \$0.02 per Common Share on the basis of there being 400,000 Common Shares issued and outstanding following completion of the Offering. Dilution is based 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 Corporation or any Common Shares issuable on the exercise of the Incentive Stock Options.

RISK FACTORS

Risk Factors

There are a number of risks inherent in making an investment in the Common Shares. The list below outlines the material risk factors that should be considered by persons considering purchasing the Common Shares. The list is not intended to be all-inclusive.

- a) The Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. (See "Corporate Structure" and "Business of the Corporation").
- b) Investment in the Common Shares offered by the prospectus is highly speculative given the

proposed nature of the Corporation's business and its present stage of development.

- c) The directors and officers of the Corporation will devote only a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. (See "Directors and Officers").
- d) Assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 20% or \$0.02 per Common Share upon completion of the Offering. (See "Dilution").
- e) 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 Common Shares, and the extent of issuer regulation.
- f) There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares.
- g) Until Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. (See "Business of the Corporation").
- h) The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. (See "Business of the Corporation").
- i) Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction. (See "Business of the Corporation").
- j) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval. (See "Business of the Corporation").
- k) Unless a shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.
- l) Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation 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 Corporation completing the proposed Qualifying Transaction. (See "Business of the Corporation").
- m) Trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.
- n) The Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing.

- o) Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction.
- p) The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation.
- q) Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan. (See "Use of Proceeds").

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

LEGAL PROCEEDINGS

There are no legal proceedings to which the Corporation is or is likely to be a party.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

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

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

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Owens Wright LLP on behalf of the Corporation, and by Brooks Business Lawyers on behalf of the Agent.

As of the date hereof, Paul De Luca, a partner at Owens Wright LLP owns 666,660 Common Shares of the Corporation and the partners and associates of Brooks Business Lawyers do not own any Common Shares of the Corporation but may subscribe for Common Shares pursuant to the Offering.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The Corporation's auditor is MNP LLP, 111 Richmond Street West, Suite 300, Toronto, Ontario, M5H 2G4. MNP LLP is independent with respect to the Corporation within the meaning of the rules of professional conduct in the Province of Ontario.

Transfer Agent and Registrar

The Corporation's transfer agent and registrar is Computershare Trust Company of Canada at its principal office at 100 University Avenue, Suite 800 Toronto, Ontario M5J 2Y1.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers have all acquired Common Shares. In addition, each of the directors and officers of the Corporation will be granted the Incentive Stock Options to purchase Common Shares at the Closing of the Offering. Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects

the Corporation. See "Options to Purchase Securities", "Escrowed Securities" and "Principal Shareholders".

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares hereunder, other than:

1. The Transfer Agency and Registrarship Agreement dated as of ●, 2018 between the Corporation and the Transfer Agent.
2. The Escrow Agreement dated as of ●, 2018 among the Corporation, the Transfer Agent and those shareholders that executed such Escrow Agreement referred to under "Escrowed Securities".
3. The Agency Agreement dated as of ●, 2018 among the Corporation and the Agent referred to under "Plan of Distribution".

The material contracts described above may be inspected at the registered office of the Corporation located at 20 Holly Street, Suite 300, Toronto, Ontario during normal business hours during the period of the distribution of the Common Shares being distributed hereunder and for a period of 30 days thereafter.

ELIGIBILITY FOR INVESTMENT

In the opinion of Owens Wright LLP, counsel to the Corporation, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder ("Tax Act"), provided that the Common Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the Exchange), if issued on the date hereof the Common Shares would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan, a deferred profit sharing plan, a tax-free savings account ("TFSA"), or a registered disability savings plan, all as defined in the Tax Act ("Plans").

If the Common Shares are not listed on the Exchange on the closing of the Offering but become listed on the Exchange prior to the date on which the Corporation must file a tax return under the Tax Act for its first taxation year, the Corporation may make an election in such income tax return to be deemed to have been a "public corporation" for purposes of the Tax Act from the beginning of its first taxation year until the time when the Common Shares are listed on the Exchange. If this occurs, the Common Shares will be qualified investments for Plans at the closing of the Offering notwithstanding that the Common Shares were not listed on the Exchange at the closing of the Offering.

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, a holder of a TFSA and an annuitant of a RRSP or RRIF will be subject to a penalty tax in respect of Common Shares held in the TFSA, RRSP or RRIF, as applicable, if such Common Shares are a "prohibited investment" for the purposes of the Tax Act. The Common Shares will generally be a "prohibited investment" if the holder of the TFSA, or the annuitant of the RRSP or RRIF, as the case may be, does not deal at arm's length with the Corporation for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act) in the Corporation for the purposes of the Tax Act. In general terms, a holder or annuitant will have a significant interest in the Corporation if the holder or annuitant, and other persons who do not deal at arm's length with the holder or annuitant together, directly or indirectly, own more than 10% of the outstanding shares of any class of shares of the Corporation, or any corporation related to the Corporation. Prospective holders that intend to hold Common Shares in a TFSA, RRSP or RRIF are urged to consult their own tax advisers.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada 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. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, 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 any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

Pinehurst Capital II Inc.
(A Capital Pool Corporation)

Financial Statements

**For the Period from the Date of Incorporation
(July 13, 2018) to August 20, 2018**

(In Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Pinehurst Capital II Inc.:

We have audited the accompanying financial statements of Pinehurst Capital II Inc. which comprise the statement of financial position as at August 20, 2018, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity from the date of incorporation (July 13, 2018) to August 20, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Pinehurst Capital II Inc. as at August 20, 2018 and its financial performance and its cash flows for the period from the date of incorporation (July 13, 2018) to August 20, 2018 in accordance with International Financial Reporting Standards.

Toronto, Ontario
October XX, 2018

Chartered Professional Accountants
Licensed Public Accountants

Pinehurst Capital II Inc.
Statement of Loss and Comprehensive Loss
For the Period from the Date of Incorporation (July 13, 2018) to August 20, 2018
(in Canadian Dollars)

	2018
Assets	
Cash held in trust	\$ 100,000
Prepaid expenses (Note 6)	16,950
	\$ 116,950
Liabilities	
Accounts payable and accrued liabilities	\$ 27,000
Due to shareholder (Note 6)	16,950
	43,950
Shareholders' Equity	
Share capital (Note 3)	100,000
Deficit	(27,000)
	73,000
	\$ 116,950

Subsequent events (note 8)

Approved by the Board _____
Director (Signed)

Director (Signed)

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

Pinehurst Capital II Inc.
Statement of Loss and Comprehensive Loss
For the Period from the Date of Incorporation (July 13, 2018) to August 20, 2018
(in Canadian Dollars)

	For the Period ended August 20, 2018
Expenses	
Legal fees	\$ 20,000
Accounting fees	7,000
Net loss and comprehensive loss for the period	(27,000)
Net loss per share – basic and diluted	\$ (0.00)
Weighted average shares outstanding	-

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

Pinehurst Capital II Inc.
Statement of Cash Flows
For the Period from the Date of Incorporation (July 13, 2018) to August 20, 2018
(in Canadian Dollars)

**For the Period ended
August 20, 2018**

Cash provided by (used in)

Operating

Net loss for the period	\$	(27,000)
Change in accrued liabilities		27,000

Financing

Share issuance		100,000
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Net change in cash		100,000
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Cash, end of period	\$	100,000
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The accompanying notes are an integral part of these financial statements.

Pinehurst Capital II Inc.
Statement of Changes in Shareholders' Equity
For the Period from the Date of Incorporation (July 13, 2018) to August 20, 2018
(in Canadian Dollars)

	Number of Shares	Share Capital	Deficit	Shareholders' Equity
Balance, July 13, 2018	-	\$ -	\$ -	\$ -
Share subscription (Note 3)	2,000,000	100,000	-	100,000
Net loss for the period	-	-	(27,000)	(27,000)
Balance, August 20, 2018	2,000,000	\$ 100,000	\$ (27,000)	\$ 73,000

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

1. INCORPORATION AND NATURE OF BUSINESS

Pinehurst Capital II Inc. (the "Corporation") was incorporated under the Ontario Business Corporations Act on July 13, 2018 and is in the process of applying for status as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$120,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

The head office and the registered head office of the Corporation is located at Suite 300, 20 Holly St., Toronto, ON, M4S 3B1.

On August XX, 2018, the Board of Directors approved the financial statements for the period from Date of Incorporation (July 13, 2018) to August 20, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Loss Per Share

Basic loss per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding. 2,000,000 common shares were excluded from the calculation as they were contingently issuable and all conditions necessary for their issuance have not been satisfied (note 3).

Financial Instruments

Recognition

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

Classification

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

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

The Corporation has implemented the following classifications:

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

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES – continued

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 or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

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

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

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

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

Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of operations and comprehensive income.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Estimates

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued

2,000,000 common shares	\$ 100,000
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Escrowed Shares

During the period, the Corporation issued 2,000,000 common shares at \$0.05 per share for total proceeds of \$100,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officer prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$120,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Fair Values

At August 20, 2018, the Corporation's financial instruments consist of accounts payable and accrued liabilities, which are carried at amortized cost.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash held in trust.

Interest Rate Risk

The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Corporation's liabilities. The \$27,000 of accounts payable and accrued liabilities are due within one year.

5. CONTINGENCY

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

6. RELATED PARTY TRANSACTIONS

There was no remuneration paid to key management personnel during the period ended August 20, 2018.

During the period, a shareholder paid \$16,950 on behalf of the Company related to a retainer for services by the Agent related to the IPO, see Note 8.

7. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

		2018
Net loss for the period	\$	27,000
Expected income tax recovery		(7,155)
Deferred tax assets not recognized		7,155
Income taxes recovery	\$	-

At August 20, 2018, the Corporation has non – capital losses for income tax purposes of approximately \$27,000 which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2038.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses as it is not more likely than not that future taxable profits will be available against which these can be deducted.

8. SUBSEQUENT EVENTS

Filing of prospectus and Initial Public Offering

Pursuant to a prospectus dated October 3, 2018, the Corporation intends to offer to sell and issue 2,000,000 common shares at \$0.10 per share for aggregate gross proceeds of \$200,000.

The Corporation entered into an agreement with M Partners Inc. (the "Agent") to raise gross proceeds of \$200,000 in connection with the Corporation's IPO. The Corporation will pay a commission of 10% of gross proceeds to the Agent. The Corporation is also required to pay a corporate finance fee of \$35,000 and will reimburse the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering.

The Corporation intends to enter into stock option agreements at the closing of the IPO, granting stock options to officers and directors to collectively acquire 400,000 of the outstanding common shares of the Corporation, at an exercise price of \$0.10 per share and expiring ten years from the date of grant.

CERTIFICATE OF THE CORPORATION

Dated: October 3, 2018

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

By: "*David Rosenkrantz*"
Chief Executive Officer

By: "*David Rosenkrantz*"
Chief Financial Officer

ON BEHALF OF THE BOARD

By: "*Ilana Prusky*"
Director

By: "*Paul De Luca*"
Director

By: "*David Rosenkrantz*"
Director

CERTIFICATE OF THE PROMOTER

Dated: October 3, 2018

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

By: *"Ilana Prusky"*

CERTIFICATE OF THE AGENT

Dated: October 3, 2018

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

M PARTNERS INC.

By: "*Steven Isenberg*"
Steven Isenberg
Director and President