

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. but has not yet become final for the purposes of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. 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.

PRELIMINARY PROSPECTUS

Initial Public Offering

May 21, 2021

ESG CAPITAL 1 INC.
(a Capital Pool Company)

\$200,000
1,000,000 Common Shares

Price: \$0.20 per Common Share

The purpose of this offering (the “**Offering**”) is to provide ESG Capital 1 Inc. (the “**Issuer**”) with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as hereinafter defined). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**”) and, in the case of a Non-Arm’s Length Qualifying Transaction (as hereinafter defined), must also receive Majority of the Minority Approval in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (the “**CPC Policy**”). The Issuer is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of a Qualifying Transaction, the Issuer will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “Business of the Issuer” and “Use of Proceeds”.

This Offering is being conducted on a commercially reasonable efforts basis by **Haywood Securities Inc.** (the “**Agent**”) in the Provinces of British Columbia, Alberta, and Ontario and consists of up to 1,000,000 common shares (the “**Common Shares**”) of the Issuer (the “**Offering**”) at a price of \$0.20 per Common Share (the “**Offering Price**”) for total gross proceeds to the Issuer of up to \$200,000. The Offering Price was determined by negotiation between the Issuer and the Agent. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement, as hereinafter defined.

Pursuant to the Agency Agreement, the Agent, and any sub-agents as the Agent may direct, will be granted a non-transferable option to purchase 100,000 Common Shares (the “**Agent’s Option**”) sold at a price of \$0.20 per Agent’s Share (as hereinafter defined), and expiring 24 months from the date the Issuer’s shares are listed on the Exchange. The grant of the Agent’s Option is qualified under this Prospectus. See “Agency Agreement and Agent’s Compensation”. In addition, and subject to regulatory approval, the Issuer intends to grant CPC Stock Options to directors and officers to purchase a number of Common Shares equal to 8.2% of issued and outstanding following the Offering (being 300,000 Common Shares issued and outstanding assuming the Offering is fully subscribed) at \$0.20 per Common Share to be granted to the officers and directors of the Issuer. It is expected that the Corporation will issue 300,000 CPC Stock Options to directors and officer of the Corporation on the Closing Date, each with an exercise price of \$0.20 per Common Share, and exercisable for a period of 5 years from the Closing Date. See “Options to Purchase Securities” and “Plan of Distribution”. The grant of these CPC Stock Options is also qualified under this Prospectus. See “Options to Purchase Securities”.

	<u>Price to Public</u>	<u>Agent's Commission⁽¹⁾</u>	<u>Proceeds to Issuer⁽²⁾</u>
Per Common Share	\$0.20	\$0.015	\$0.185
Offering ⁽³⁾	\$200,000	\$15,000	\$185,000

Notes:

(1) The Agent will receive a cash commission equal to 7.5% of the gross proceeds to the Issuer. In addition, the Agent and its subagents, if any, will be granted the Agent's Option, allowing it to purchase 100,000 Common Shares, at a price of \$0.20 per Common Share exercisable for a period ending 24 months from the date the Common Shares are listed on the Exchange. The Agent's Option is qualified for distribution under this Prospectus. Pursuant to the CPC Policy, no more than 50% of the aggregate number of Common Shares that may be acquired pursuant to the Agent's Option may be sold prior to Completion of a Qualifying Transaction and the remaining 50% may only be sold after Completion of a Qualifying Transaction. The Agent will be reimbursed for its expenses and legal fees incurred pursuant to this Offering, plus disbursements and taxes and will also receive a non-refundable Corporate Finance fee of \$10,000 (plus applicable taxes thereon). See "Plan of Distribution".

(2) Before deducting the costs of this issue, including listing and filing fees, the Agent's expenses, legal fees disbursements and taxes payable thereon, the Agent's administration fee, the Issuer's legal fees, audit fees and expenses, estimated at \$90,000 inclusive of the Agent's commission. See "Use of Proceeds".

(3) In addition to the qualification of up to 1,000,000 Common Shares pursuant to the Offering, this Prospectus also qualifies for distribution: (i) the Agent's Option; and (ii) the CPC Stock Options to be granted to officers and directors of the Corporation at the closing of this Offering, which shall entitle the grantees to purchase an aggregate of 300,000 Common Shares, at a price of \$0.20 per Common Share. See "Options to Purchase Securities".

Market for Securities

There is no market through which the Common Shares offered by this Prospectus may be sold and purchasers may not be able to resell the Common Shares purchased under this Prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation. See "Risk Factors".

As at the date of the Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside 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 Issuer has applied to list its Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all of the requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this Prospectus, the grant of the Agent's Option, and the grant of CPC Stock Options to the directors and officers of the Issuer, trading in all securities of the Issuer is prohibited during the period between the date a receipt for the preliminary Prospectus is issued by the securities regulatory authorities and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and Prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

Risk Factors

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

Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of approximately \$0.07261 or 36.30%, assuming the sale of 1,000,000 Common Shares in the Offering. Furthermore, where the Qualifying Transaction is financed by the issuance of shares from the Issuer's treasury, control of the Issuer may change and shareholders may suffer further dilution of their investment.

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 Issuer has not commenced commercial operations and has no assets other than cash and deferred offering costs. The Issuer has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. Until the Completion of a Qualifying Transaction, the Issuer is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions.

The Issuer has only limited funds with which to identify and evaluate a potential Qualifying Transaction which receives Exchange approval and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval of the Issuer's shareholders; however, there can be no assurance that the Issuer will successfully complete a Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Issuer 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 Issuer and this may result in further dilution to investors.

The Issuer has commenced the process of identifying potential acquisitions, but to date, the Issuer has not identified any potential acquisitions. The Issuer may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic. The Issuer may find that even if the terms of a potential acquisition are economic, the Issuer may not be able to finance such acquisition and additional funds may be required.

A Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Issuer, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

In the event that the management of the Issuer resides out of Canada or the Issuer identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

The Issuer will be in competition with other entities, some of which may have greater resources than the Issuer.

Neither the Exchange, nor any securities regulatory authority, passes upon the merits of any proposed Qualifying Transaction.

The Issuer's directors, officers and Control Persons (as hereinafter defined), and their Associates (as hereinafter defined), and Affiliates (as hereinafter defined), as a group, beneficially own, control or have direction over, directly or indirectly, 2,250,000 Common Shares, which represents 84.90% of the issued and outstanding Common Shares before giving effect to this Offering and 61.64% of the issued and outstanding Common Shares after giving effect to this Offering, assuming the Offering if fully subscribed. The directors and officers of the Issuer will only devote a portion of their time to the business and affairs of the Issuer and they are and will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

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

Maximum Investment

Pursuant to the CPC Policy, 75%, or 750,000, of the total number of Common Shares offered under this Prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2%, or 20,000, of the total number of Common Shares offered under this Prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser's Associates and Affiliates, is 4%, or 40,000, of the total number of Common Shares offered under this Prospectus.

Receipt of Subscriptions

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates for the Common Shares evidencing the Common Shares in definitive form will be available for delivery on the Closing Date unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

Haywood Securities Inc., as Agent, conditionally offers these Common Shares, on a commercially reasonable efforts basis, if, as and when subscriptions are accepted by the Issuer, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by Peterson McVicar LLP, on behalf of the Issuer and by Minden Gross LLP on behalf of the Agent.

Haywood Securities Inc.
Brookfield Place, 181 Bay Street
Suite 2910, PO Box 2910
Toronto, ON M5J 2T3
Tel: 416-507-2300

TABLE OF CONTENTS

	Page Number
GLOSSARY	3
PROSPECTUS SUMMARY	10
THE ISSUER	13
BUSINESS OF THE ISSUER	13
Preliminary Expenses	13
Proposed Operations until Completion of a Qualifying Transaction	13
Method of Financing.....	13
Criteria for a Qualifying Transaction	13
REGULATORY AND SHAREHOLDER APPROVAL	14
Initial Listing Requirements	15
Trading Halts, Suspensions and Delisting	15
Refusal of Qualifying Transaction	16
USE OF PROCEEDS	16
Proceeds and Principal Purposes	16
Permitted Use of Funds	17
Prohibited Payments to Non-Arm's Length Parties	18
PLAN OF DISTRIBUTION	20
Agency Agreement and Agent's Compensation	20
Commercially Reasonable Efforts Offering.....	20
Other Securities to Be Distributed.....	20
Determination of Price.....	21
Listing Application	21
Venture Issuers	21
Restrictions on Trading	21
DESCRIPTION OF THE SECURITIES DISTRIBUTED	21
Common Shares	21
CAPITALIZATION.....	22
OPTIONS TO PURCHASE SECURITIES.....	22
PRIOR SALES.....	23
ESCROWED SECURITIES	23
Escrowed Securities on Qualifying Transaction.....	25
PRINCIPAL SHAREHOLDERS	25
OFFICERS AND DIRECTORS.....	26
Name, Municipality, Occupation, Security Holding and Involvement with Other Reporting Issuers.....	26
The Audit Committee's Charter.....	28
Composition of the Audit Committee	28
Pre-Approval of Audit and Non-Audit Services by Independent Auditors.....	28
Audit Committee Oversight	28
Audit Fees	29
Exemption	29
Corporate Cease Trade Orders or Bankruptcies	29
Penalties or Sanctions	30
Personal Bankruptcies	30
Conflicts of Interest	30
EXECUTIVE COMPENSATION	30
DILUTION	31
RISK FACTORS	31
LEGAL PROCEEDINGS.....	33
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	33
RELATIONSHIP BETWEEN THE ISSUER AND THE AGENT	33
RELATIONSHIP BETWEEN THE ISSUER AND PROFESSIONAL PERSONS	34
AUDITOR, TRANSFER AGENT AND REGISTRAR	34
MATERIAL CONTRACTS	34

DIVIDEND POLICY	34
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	35
FINANCIAL STATEMENTS.....	F-1
CERTIFICATE OF THE ISSUER	C-1
CERTIFICATE OF THE AGENT	C-2

GLOSSARY

“\$” means the lawful currency of Canada.

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

A Person beneficially owns securities that are beneficially owned by:

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

“**Agency Agreement**” means the agency agreement dated [●] between the Issuer and the Agent.

“**Agent**” means **Haywood Securities Inc.** at its office in the City of Toronto, in the Province of Ontario.

“**Agent’s Option**” means the non-transferable option to be granted by the Issuer to the Agent entitling the Agent to purchase Agent’s Shares in an amount equal to 100,000 Common Shares at an exercise price of \$0.20 per Agent’s Share, expiring 24 months from the date of listing of the Common Shares on the Exchange.

“**Agent’s Share**” means Common Shares acquired upon exercise of the Agent’s Option.

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

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

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

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable

control of the Non-Arm's Length Parties to the CPC or the Non-Arm's Length Parties to the Qualifying Transaction.

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

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual:
 - (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 D1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

"Closing Date" means the date that this Offering is completed.

"Commissions" means the British Columbia Securities Commission, the Alberta Securities Commission, and the Ontario Securities Commission.

"Common Shares" means the common shares in the share capital of the Issuer.

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

"Completion of a Qualifying Transaction" means the date of the Final QT Exchange Bulletin issued by the Exchange.

"Concurrent Financing" has the meaning ascribed to it under TSXV Policy 2.4 – *Capital Pool Companies*.

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

"CPC" or "Capital Pool Company" means a corporation:

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

“**CPC Escrow Agreement**” means the escrow agreement among the Issuer, Marrelli Trust Company Limited and certain shareholders of the Issuer.

“**CPC Filing Statement**” has the meaning ascribed to it under TSXV Policy 2.4 – *Capital Pool Companies*.

“**CPC Information Circular**” has the meaning ascribed to it under TSXV Policy 2.4 – *Capital Pool Companies*.

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

“**CPC Stock Option(s)**” means incentive options granted, in accordance with the CPC Policy, to directors and officers of the Corporation which options entitle the holders to purchase a number of Common Shares equal to 10% of issued and outstanding Common Shares as further set out in the Option Plan.

“**Declaration**” has the meaning ascribed to it under TSXV Policy 1.1 – *Interpretation*.

“**Disclosure Document**” has the meaning ascribed to it under TSXV Policy 2.4 – *Capital Pool Companies*.

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

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

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

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

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

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a 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 ESG Capital 1 Inc., a corporation incorporated under the *Business Corporations Act* (Ontario) having its registered office in the City of Toronto, in the Province of Ontario.

“**Listed Shares**” has the meaning ascribed to it under TSXV Policy 1.1 – *Interpretation*.

“**Majority of the Minority Approval**” means the approval by the majority of the votes cast at a meeting of Shareholders of the CPC, or by the written consent of Shareholders holding more than 50% of the issued Common Shares of the CPC, provided that the votes attached to Common Shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:

- (i) if the CPC holds its own shares, the CPC; and
- (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction;

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

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

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

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

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

“Non-Arm’s Length Party” means:

- (a) in relation to a company:
 - (i) a promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such Persons; or
 - (ii) 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; and
- (b) in relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Offering” means the offering of up to 1,000,000 Common Shares in accordance with the terms of this Prospectus.

“Option Plan” has the meaning ascribed thereto under the heading “Options to Purchase Securities”.

“Participating Organization” has the meaning ascribed to it under TSXV Policy 1.1 – *Interpretation*.

“Person” means a company or individual.

“Personal Information Form” has the meaning ascribed to it under TSXV Policy 1.1 – *Interpretation*.

“Principal” means:

- (a) a Person who acted as a promoter of the Issuer within two years before the initial public offering (“IPO”) prospectus or the date of the bulletin issued by the Exchange that evidences the final Exchange acceptance of a transaction (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 that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a 10% holder - a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
 - (i) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

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

A company, 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 any relatives of the Principal or spouse who live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

"Pro Group" means:

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

- (i) the Person is an affiliate or associate of the Member is acting at arm's length of the Member;
- (ii) the associate or affiliate has a separate corporate and reporting structure;
- (iii) there are sufficient controls on information flowing between the Member and the associate or affiliate; and
- (iv) the Member maintains a list of such excluded Persons.

"Prospectus" means this disclosure document of the Issuer required to be prepared in connection with a public offering of Common Shares, which document complies with the form and content requirements of a prospectus as promulgated under applicable securities laws.

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

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

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

"Related Party Transaction" has the meaning ascribed to that term under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, together with the Companion Policy 61-101CP, 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 QT Exchange Bulletin.

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

"Seed Shares" means securities issued before an Issuer's IPO.

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

"Sponsor" has the meaning specified in Exchange Policy 1.1 – Interpretation.

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

"Sponsorship Acknowledgment Form" has the meaning ascribed to it under TSXV 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.

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

“Warrants” has the meaning ascribed to it under TSXV Policy 1.1 – *Interpretation*.

PROSPECTUS SUMMARY

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

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

Offering: Up to 1,000,000 Common Shares are being offered under this Prospectus at \$0.20 per Common Share in British Columbia, Alberta, and Ontario.

In addition, the Prospectus will qualify the distribution to the Agent of the Agent's Option (being an option to acquire 100,000 Common Shares , at a price of \$0.20 per Common Share exercisable for a period ending 24 months from the date the Common Shares are listed on the Exchange).

The Prospectus will also qualify 300,000 CPC Stock Options to be granted on the Closing Date, with an exercise price of \$0.20 per Common Share, and exercisable for a period of 5 years from the Closing Date. See "Options to Purchase Securities" and "Plan of Distribution".

Use of Proceeds: The net proceeds of the Offering and prior sales by the Issuer of Common Shares will be a maximum of \$375,000 (after deduction of the costs of prior sales of \$5,500 the Agent's commission of \$15,000 (assuming the Offering is fully subscribed), and the Offering costs and prior expenses estimated at \$69,500 exclusive of the Agent's commission).

The net proceeds of this Offering plus the proceeds from prior sales will be used to provide the Issuer 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 Issuer may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. See "Use of Proceeds", "Business of the Issuer" and "Risk Factors".

Management and Directors:	Robert Pollock	- President, Chief Executive Officer, and Director
	David Guebert	- Chief Financial Officer, Corporate Secretary, and Director
	Pasquale DiCapo	- Director

Escrowed Securities: Of the Issuer's 2,650,000 issued and outstanding Common Shares, 2,650,000 Common Shares will be deposited in escrow pursuant to the terms of the CPC Escrow Agreement and will be released from escrow in stages over a period of 18 months from the date of the Final QT 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 Issuer's business and its present stage of development. This Offering is suitable only to those investors who are prepared to rely entirely on the directors and management of the Issuer and can afford to risk the loss of their entire investment.

Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of approximately \$0.07261 or 36.30%, assuming the Offering is fully subscribed. Furthermore, where the Qualifying Transaction is financed by the issuance of shares from the Issuer's treasury, control of the Issuer may change and shareholders may suffer further dilution of their investment.

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 Issuer has not commenced commercial operations and has no assets other than cash and deferred offering costs. The Issuer has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. Until the Completion of a Qualifying Transaction, the Issuer is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions.

The Issuer has only limited funds with which to identify and evaluate a potential Qualifying Transaction which receives Exchange approval and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval of the Issuer's shareholders; however, there can be no assurance that the Issuer will successfully complete a Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Issuer 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 Issuer and this may result in further dilution to investors.

The Issuer has commenced the process of identifying potential acquisitions, but to date, the Issuer has not identified any potential acquisitions. The Issuer may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic. The Issuer may find that even if the terms of a potential acquisition are economic, the Issuer may not be able to finance such acquisition and additional funds may be required.

A Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Issuer, judgments obtained in Canadian courts

predicated upon the civil liability provisions of applicable securities laws in Canada.

In the event that the management of the Issuer resides out of Canada or the Issuer identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

The Issuer will be in competition with other entities with greater resources.

Neither the Exchange, nor any securities regulatory authority, passes upon the merits of any proposed Qualifying Transaction.

If the Issuer does not list the Common Shares on the Exchange prior to the time of closing, adverse tax consequences will arise with respect to any Common Shares held in a Deferred Plan (as defined under the heading "Eligibility for Investment").

The directors and officers of the Issuer will only devote a portion of their time to the business and affairs of the Issuer and they are and will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

See "Corporate Structure", "Dilution", "Business of the Issuer", "Use of Proceeds", and "Risk Factors".

THE ISSUER

ESG Capital 1 Inc. was incorporated on March 8, 2021 by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) under the name “ESG Capital 1 Inc”.

The head office and registered office of the Issuer are located at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4.

BUSINESS OF THE ISSUER

Preliminary Expenses

As at the date hereof, the Issuer has incurred or accrued preliminary expenses with respect to the incorporation and organization of the Issuer, corporate finance, legal and auditing fees and expenses in the aggregate amount of approximately \$25,000 plus HST and disbursements.

A portion of the proceeds of the Offering will be used to satisfy the obligations of the Issuer related to the Offering, including the expenses of its legal counsel and auditor. See “Use of Proceeds”.

Proposed Operations until Completion of a Qualifying Transaction

The Issuer proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Issuer has not conducted commercial operations. The Issuer currently intends to pursue a Qualifying Transaction with a high growth momentum company but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Issuer following the Completion of a Qualifying Transaction. See “Use of Proceeds”.

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

Method of Financing

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

Criteria for a Qualifying Transaction

All potential Qualifying Transactions will initially be screened by management of the Issuer so as to evaluate the business plan of each corporation or business, which evaluation will include an analysis of the assets, the line of services or products offered, the extent of the competition in the marketplace, the market potential of the product lines or services, the market plan, existing and remaining management, production plans,

financial plans and cashflow projections and capital requirements. Similar criteria will be employed in the evaluation of other assets.

Upon the favourable completion of management's analysis, management will proceed to negotiate appropriate acquisition terms with those prospective corporations, businesses or the owners of other assets and thereafter will present the proposal to the board of directors for its consideration and approval.

The board of directors of the Issuer, in considering whether to approve the terms of the proposed acquisition, will be guided by the following criteria:

- (a) the projected rate of return on the proposed investment having regard to the risk of loss;
- (b) the prospects for growth, having regard to existing or potential market share;
- (c) the skill of the management team, either as it exists or as it may be modified as a consequence of the acquisition; and
- (d) basic financial considerations such as the ratio of debt to equity of the target business, the overall cost of the acquisition, and the prospects of obtaining the debt or equity financing necessary to effect the acquisition.

Any proposed Qualifying Transaction must be approved by the Issuer's Board of Directors. In exercising their powers and discharging their duties in relation to proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Issuer and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

REGULATORY AND SHAREHOLDER APPROVAL

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

Upon the Issuer reaching a Qualifying Transaction Agreement, the Issuer must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Issuer's 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 Issuer shall be required to submit for review to the Exchange a Disclosure Document that complies with Exchange requirements containing prospectus level disclosure of the Significant Assets and the Issuer, assuming Completion of the Qualifying Transaction. Where the proposed Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the Issuer must obtain Majority of the Minority Approval of the Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Exchange will not require the Issuer to obtain Shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement or Prospectus.

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

- (a) where Shareholder approval of the Qualifying Transaction is not required, the Issuer must file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:
 - i. the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the Issuer are halted from trading; or
 - ii. the Completion of the Qualifying Transaction, if the securities of the Issuer are not halted from trading;

- (b) where Shareholder approval is required and is to be obtained at a meeting of Shareholders, the Issuer will file on SEDAR and mail to its Shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents; and
- (c) where Shareholder approval is required and is to be obtained by written consent, the Issuer will file on SEDAR the final Disclosure Document.

If required by the Exchange, the Issuer will retain a Sponsor, who must be a Member of the Exchange or a Participating Organization of the Toronto Stock Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the Policies of the Exchange. The Issuer will no longer be considered to be a CPC upon the Exchange having issued the Final QT Exchange Bulletin. The Exchange will generally not issue the Final QT Exchange Bulletin until the Exchange has received:

- i. confirmation of Shareholder approval of the Qualifying Transaction, if required;
- 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 QT Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy.

Initial Listing Requirements

The Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable 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 a Qualifying Transaction Agreement until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, Personal Information Forms or, if applicable, Declarations, for all individuals who may be directors, 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 a Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

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

In the event that the Common Shares of the Issuer are delisted by the Exchange, within 90 days from the date of such delisting, the Issuer shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Issuer, determine to deal with the Issuer or its remaining assets in some other manner. See "Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction."

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 Resulting Issuer will be a mutual fund, as defined in the securities legislation; or
- (c) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Proceeds and Principal Purposes

The aggregate gross proceeds received by the Issuer from the sale of Common Shares prior to the Offering were \$265,000. The expenses and costs of the prior sales of Common Shares are \$5,500. The aggregate gross proceeds expected to be received by the Issuer from the sale of Common Shares offered by this Prospectus (assuming the Offering is fully subscribed) will be \$200,000, less costs of this issue. The costs of this issue are estimated at \$84,500 (assuming the Offering is fully subscribed), inclusive of the Agent's commission, administration fees and legal fees. Accordingly, the estimated funds to be available to the Issuer will be \$375,000 assuming the Offering is fully subscribed.

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

	<u>Offering</u>
(a) Gross cash proceeds received by the Issuer from the sale of Common Shares prior to this Offering ⁽¹⁾	\$265,000
(b) Less: Expenses and costs relating to raising the cash proceeds referred to in (a) above	\$(5,500)
(c) Plus: Gross cash proceeds to be raised by the Issuer from the sale of the Common Shares distributed pursuant to this Offering ⁽²⁾	\$200,000
(d) Less: Expenses and costs relating to the Offering (including listing fees, Agent's commission, legal fees, audit fees and expenses) referred to in (c) above, incurred to date and expected to be incurred	\$(84,500)
(e) Estimated funds available (on completion of Offering)	\$375,000
Funds available for identifying and evaluating assets or business prospects ⁽³⁾	\$375,000
Estimated general and administrative expenses until Completion of a Qualifying Transaction ⁽⁴⁾	(\$30,000)
Total Net Proceeds	\$345,000

Notes:

(1) See "Prior Sales".

(2) In the event the Agent exercises the Agent's Options and the directors or officers exercise their CPC Stock Options, there will be available to the Issuer an additional \$80,000 (assuming the Offering is fully subscribed) which will be added to the working capital of the Issuer. There is no assurance that any of these Agent's Options or CPC Stock Options will be exercised.

(3) In the event that the Issuer enters into a Qualifying Transaction Agreement prior to spending all of its funds 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 a Qualifying Transaction.

(4) The estimated general and administrative expenses shall not exceed \$3,000 per month.

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

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

Permitted Use of Funds

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

- (a) reasonable expenses relating to the Issuer's IPO, including
 - i. fees for legal services and audit services relating to the preparation and filing of this Prospectus;
 - ii. Agent's fees, costs and commissions; and
 - iii. printing costs, including printing of this Prospectus and share certificates;
- (b) reasonable general and administrative expenses of the Issuer (not exceeding in aggregate \$3,000 per month), including:
 - i. office supplies, office rent and related utilities;
 - ii. equipment leases;
 - iii. fees for legal services; and
 - iv. fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
 - i. valuations or appraisals;
 - ii. business plans;
 - iii. feasibility studies and technical assessments;

- iv. sponsorship reports;
 - v. Geological Reports;
 - vi. financial statements;
 - vii. fees for legal services; and
 - viii. fees for accounting, assurance and audit services;
- (d) agents' and finders' fees, costs and commissions;
- (e) assurance and audit fees of the Issuer;
- (f) escrow agent and transfer agent fees of the Issuer; and
- (g) regulatory filing fees of the Issuer.

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

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

Prohibited Payments to Non-Arm's Length Parties

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

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

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

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

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

Private Placements for Cash

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

Finder's Fees

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

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

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Compensation

Pursuant to the Agency Agreement dated as of [●], 2021 between the Issuer and the Agent, the Issuer has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public up to 1,000,000 of Common Shares as provided in this Prospectus, at a price of \$0.20 per Common Share, for gross proceeds of up to \$200,000, subject to the terms and conditions contained in the Agency Agreement. The Agent will receive a commission of 7.5% of the aggregate gross proceeds of the Offering. In addition, the Issuer will pay to the Agent a Corporate Finance Fee of \$10,000 (plus applicable taxes thereon) and will reimburse the Agent for its reasonable legal fees, disbursements, expenses and taxes payable thereon estimated at \$30,000.

The Issuer has also agreed to grant the Agent's Options to the Agent which constitute non-transferable options to purchase 100,000 Common Shares sold pursuant to the Offering, at a price of \$0.20 per Common Share which Agent's Options may be exercised for a period of 24 months from the date the Issuer's shares are listed on the Exchange.

The Agent's Options are qualified for distribution under this Prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of a Qualifying Transaction. The remaining 50% may be sold after the Completion of a Qualifying Transaction. The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Issuer and may make co-brokerage arrangements with other investment dealers at no additional cost to the Issuer. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as provided in the Agency Agreement.

Commercially Reasonable Efforts Offering

The total Offering consists of up to 1,000,000 Common Shares for gross proceeds of up to \$200,000. Under the CPC Policy, 75% or 750,000 of the total number of Common Shares offered under this Prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% or 20,000 of the total number of Common Shares offered under this Prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser's Associates and Affiliates, is 4% or 40,000 of the total number of Common Shares offered under this Prospectus.

The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$200,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the Prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest of deduction, unless subscribers have otherwise instructed the Agent.

Other Securities to Be Distributed

The Prospectus will also qualify the CPC Stock Options to purchase 300,000 Common Shares to be granted on the Closing Date, with an exercise price of \$0.20 per Common Share, and exercisable for a period of 5 years from the Closing Date. See "Options to Purchase Securities" and "Plan of Distribution".

Determination of Price

The Offering Price was determined by negotiation between the Issuer and the Agent.

Listing Application

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

Venture Issuers

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

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this Prospectus, the grant of the Agent's Option, and the grant of CPC Stock Options to the directors and officers of the Issuer, no securities of the Issuer will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commissions of Ontario, British Columbia and Alberta and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Common Shares

The Issuer is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 2,650,000 Common Shares are issued and outstanding as fully paid and non-assessable. There are no other shares of any class issued and outstanding. Up to 1,000,000 Common Shares are reserved for issuance under this Prospectus. In addition, up to 100,000 Common Shares are reserved for issuance upon the exercise of the Agent's Options.

Subject to regulatory approval, a number of Common Shares equal to 8.2% of issued and outstanding following the Offering (being 300,000 Common Shares issued and outstanding assuming the Offering is fully subscribed) are reserved for issuance upon the exercise of CPC Stock Options by directors and officers of the Issuer.

All of the Common Shares to be outstanding on completion of this Offering will be fully paid and non-assessable. See "Prior Sales", "Plan of Distribution" and "Options to Purchase Securities".

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to notice of, attend and one vote per share at, meetings of the shareholders of the Issuer and, upon liquidation, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Issuer, to share on a pro-rata basis according to the number of Common Shares held, in the remaining property of the Issuer.

CAPITALIZATION

Capital	Amount Authorized	Outstanding as of the date of the most recent statement of financial position contained in this Prospectus⁽¹⁾	Outstanding as at the date of this Prospectus	Amount to be outstanding upon completion of the Offering⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Common Shares	Unlimited	\$265,000 2,650,000 (common shares)	\$265,000 2,650,000 (common shares)	\$465,000 3,650,000 (common shares)

Notes:

- (1) At this date, the Issuer had not commenced commercial operations.
- (2) Assumes the Offering is fully subscribed.
- (3) Excluding 100,000 Common Shares issuable at \$0.20 per share, expiring 2 years from the date of listing of the Common Shares on the Exchange, pursuant to the Agent's Option. See "Plan of Distribution".
- (4) Excluding up to 300,000 Common Shares issuable at \$0.20 per share, expiring five years from the date of being granted, pursuant to CPC Stock Options to be granted to directors and officers of the Issuer.
- (5) Funds estimated to be available on completion of the Offering amount to \$375,000 (assuming the Offering is fully subscribed) and deducting the selling commissions and related expenses incurred by the Issuer. See "Use of Proceeds – Proceeds and Principal Purposes".

OPTIONS TO PURCHASE SECURITIES

The CPC Stock Options to purchase up to 300,000 Common Shares are to be granted after closing of this Offering to directors and officers pursuant to the Issuer's employee stock option plan (the "**Option Plan**") and are qualified for distribution pursuant to this Prospectus.

Pursuant to the Option Plan, immediately after closing this Offering, CPC Stock Options will be held as follows:

Optionee	Number of Common Shares Under Option if Offering is fully Subscribed	Exercise Price Per Common Share	Expiry Date from Grant
Robert Pollock	100,000	\$0.20	Five years from date of grant
David Guebert	100,000	\$0.20	Five years from date of grant
Pasquale DiCapo	100,000 ⁽¹⁾	\$0.20	Five years from date of grant
Total	300,000		

Notes:

- (1) Options held through PowerOne Capital Corp.

Pursuant to the terms of the Agency Agreement, upon closing this Offering, the board of directors of the Issuer intends to grant the Agent's Option to the Agent.

Optionee	Number of Common Shares Under Option if Offering is fully Subscribed	Exercise Price Per Common Share	Expiry Date from Listing Date
Haywood Securities Inc.	100,000	\$0.20	24 months

The Agent's Options to be granted immediately after closing this Offering and the Agent's Option (subject to regulatory approval) are qualified for distribution pursuant to this Prospectus.

The Board of Directors of the Issuer may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Issuer non-transferable CPC Stock 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 issuable to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of the CPC Stock Option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed two percent (2%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of any CPC Stock Option.. The term of a CPC Stock Option must expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Issuer, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such CPC Stock Option. All CPC Stock Options and Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the CPC Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the CPC Escrow Agreement. See “Escrow Securities”.

PRIOR SALES

Since the date of incorporation of the Issuer, 2,650,000 Common Shares have been issued and are currently outstanding as follows.

<u>Date</u>	<u>Number of Common Shares</u>	<u>Issue Price Per Share</u>	<u>Aggregate Issue Price</u>	<u>Consideration Received</u>
March 8, 2021	1 ⁽¹⁾	\$0.05	\$0.05	cash
March 31, 2021	2,650,000 ⁽²⁾	\$0.10	\$265,000.00	cash

Notes:

(1) This holding of one Common Share issued to Mr. Robert Pollock in the incorporation of the Issuer has been purchased by the Issuer for cancellation.

(2) All of these Common Shares are being held in escrow. See “Escrowed Securities”.

ESCROWED SECURITIES

All of the 2,650,000 Common Shares issued prior to this Offering at a price below \$0.20 per Common Share and all Common Shares that may be acquired from treasury by Non-Arm’s Length Parties of the Issuer either under the Offering or otherwise prior to the date of the Final QT Exchange Bulletin will be deposited with Marrelli Trust Company Limited pursuant to the CPC Escrow Agreement.

All CPC Stock Options and all Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the CPC Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the CPC Escrow Agreement.

The following table sets out, as at the date hereof, the number of Common Shares of the Issuer and CPC Stock Options, which are held in escrow.

Shareholder	Common Shares	Number of Common Shares Escrowed	Percentage of Common Shares of the Issuer Prior to Giving Effect to the Offering	Percentage of Common Shares of the Issuer After Giving Effect to the Offering ⁽¹⁾	Number of CPC Stock Options held in escrow
Scott Kelly Toronto, Ontario	100,000	100,000	3.77%	2.73%	N/A
David Guebert Calgary, Alberta	250,000	250,000	9.43%	6.84%	100,000
Robert Pollock Toronto, Ontario	1,000,000	1,000,000	37.74%	27.40%	100,000
Chris MacIntyre ⁽³⁾ Toronto, Ontario	150,000	150,000	5.66%	4.10%	N/A
David D'Onofrio ⁽⁴⁾ Toronto, Ontario	150,000	150,000	5.66%	4.10%	N/A
Pasquale DiCapo ⁽²⁾ Etobicoke, Ontario	1,000,000	1,000,000	37.74%	27.40%	100,000 ⁽⁵⁾
Total	2,650,000	2,650,000	100%	72.57%	300,000

Notes:

- (1) Assuming no Common Shares are purchased by these persons under the Offering and that the Offering is fully subscribed.
(2) Shares held through PowerOne Capital Corp.
(3) Shares held through CRM Global Capital Inc.
(4) Shares held through 2180447 Ontario Inc.
(5) Options held through PowerOne Capital Corp.

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

Under the CPC Escrow Agreement:

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

Release Dates	Percentage to be Released
---------------	---------------------------

Date of Final QT Exchange Bulletin	25%
Date 6 months following Final QT Exchange Bulletin	25%
Date 12 months following Final QT Exchange Bulletin	25%
Date 18 months following Final QT Exchange Bulletin	25%
TOTAL	100%

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 existing Principals of the Issuer and/or to incoming Principals in connection with a proposed Qualifying Transaction.

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

- (a) immediately cancel all of the escrowed Common Shares held by each Non-Arm's Length Party to the Issuer that were issued at a price below the Offering price under this Prospectus and all CPC Stock Options and Option Shares held by such persons; and
- (b) cancel all of the escrowed securities on a date that is 10 years from the date of such Exchange Bulletin.

Escrowed Securities on Qualifying Transaction

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

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own of record or who are known to the Issuer as at the date hereof to who own beneficially, directly or indirectly, 10% or more of the issued and outstanding Common Shares of the Issuer, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares of the Issuer:

Name and Municipality of Residence	Type of Ownership	Number of Shares ⁽⁴⁾	Percentage of Shares Owned before the Offering	Percentage of Shares Owned after giving Effect to the Offering (fully subscribed)
Robert Pollock Toronto, Ontario	Of Record, Beneficial and/or Direction Over	1,000,000 ⁽¹⁾	37.74%	27.40% ⁽²⁾
Pasquale DiCapo ⁽³⁾ Etobicoke, Ontario	Of Record, Beneficial and/or Direction Over	1,000,000 ⁽¹⁾	37.74%	27.40% ⁽²⁾

Notes:

(1) Subject to the CPC Escrow Agreement. See "Escrow Securities".

(2) Assuming the Offering is Fully Subscribed and assuming the issuance of 100,000 Agent's Options, the grant of 300,000 CPC Stock Options, and all such convertible securities are exercised in full, 1) Mr. Pollock's percentage ownership of the Common Shares (of record, beneficial and/or direction over) will equal 27.16%, and 2) Mr. DiCapo's percentage ownership of the Common Shares (of record, beneficial and/or direction over) will equal 27.16%

(3) Shares held through PowerOne Capital Corp.

(4) The number of shares indicated excludes the shares issuable on exercise of CPC Stock Options granted to relevant persons prior to the date hereof.

OFFICERS AND DIRECTORS

Name, Municipality, Occupation, Security Holding and Involvement with Other Reporting Issuers

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

Name, (Age), Office and Municipality of Residence	Positions and Offices Held	Common Shares Held	Percentage of Shares Owned Before Offering	Percentage of Shares Owned After Offering (assuming the Offering is fully subscribed) ⁽¹⁾	Principal Occupation
Robert Pollock (52) Toronto, Ontario ⁽²⁾	President, Chief Executive Officer, and Director	1,000,000	37.74%	27.40%	Chief Executive Officer, Primary Capital
David Guebert (62) Calgary, Alberta	Chief Financial Officer, Corporate Secretary, and Director	250,000	9.43%	6.84%	Chief Financial Officer, Mind Medicine (MindMed) Inc.
Pasquale DiCapo (46) Etobicoke, Ontario	Director	1,000,000 ⁽²⁾	37.74%	27.40%	Managing Director, PowerOne Capital Markets Ltd.

Notes:

(1) Before the exercise of CPC Stock Options by the directors and officers, the exercise of the Agent's Option and assuming no Common Shares are purchased by these shareholders under the Offering. See "Plan of Distribution". All of the listed individuals will be granted CPC Stock Options to purchase an aggregate of 300,000 Common Shares assuming completion of the fully subscribed offering. See "Options to Purchase Securities".

(2) Shares held through PowerOne Capital Corp

The directors and officers, together with the Associates and Affiliates of the directors and officers, as a group, beneficially own and control or have direction over 2,250,000 Common Shares which represents 84.90% of the issued Common Shares of the Issuer before giving effect to this Offering and which will represent 61.64% of the issued Common Shares of the Issuer upon completion of the fully subscribed Offering.

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

The board of directors has an audit committee, which consists of Robert Pollock, David Guebert and Pasquale DiCapo with Mr. DiCapo acting as the Chair of the audit committee. The Issuer does not have any other committees.

Robert Pollock, Chief Executive Officer, President and Director

Mr. Pollock is a director, officer and shareholder of Primary Capital Inc., an independent Toronto based merchant banking organization, operating as an exempt market dealer, that provides financing and advisory services to private and public companies. Mr. Pollock was director of Merus Labs International Inc. (TSX, NASDAQ: MSL), a specialty pharmaceutical company, which was acquired by Norgine B.V. in 2017 for

C\$342 million. Mr. Pollock has been a director of INV Metals Inc. (TSX: INV) since 2006 and is a member of its audit committee, corporate governance and nominating committee and finance committee.

Mr. Pollock graduated from Queen's University, Kingston, Ontario (Accreditation - Bachelor of Arts degree) and Saint Mary's University, Halifax, Nova Scotia (Accreditation - Master of Business Administration degree). It is anticipated that Mr. Pollock will devote such amount of time as is necessary, to perform the work required in connection with the management of the Issuer and completion of the Qualifying Transaction.

Pasquale DiCapo, Director

Mr. Pasquale DiCapo is a Managing Director at PowerOne Capital Markets Ltd. He is the Founder and Chief Executive Officer of PowerOne Capital Markets Limited ("PowerOne"). Mr. DiCapo is a long-term investor in emerging private and public companies across an array of sectors globally. Mr. DiCapo is on the Board of Directors at Pocml 3, Inc., Petrolifera Petroleum Ltd., and Limited Market Dealers Association of Canada. Prior to founding PowerOne Capital Markets in October 2003, Mr. DiCapo was employed as an independent director by Pocml 2, Inc. He also served on the board at POCML 1, Inc., Onsino Capital Corp., Brownstone Ventures, Inc., and WSR Gold, Inc.

Mr. DiCapo previously worked at Smith Lyons LLP (now Gowling WLG) in Toronto and with Goodwin Procter LLP in Boston, MA. He received his graduate degree from Osgoode Hall Law School and is a member of the Ontario Bar Association. Mr. DiCapo will devote 15% of his time to the Issuer.

David Guebert, Chief Financial Officer

David Guebert is a CPA, qualified in both Alberta and Pennsylvania, and a member of the Institute of Corporate Directors. Mr. Guebert started his career in 1979 at Deloitte where he qualified for his CPA designations. He went on to serve as the Controller for the XV Olympic Winter Games from 1986 to 1988. Since then, Mr. Guebert has taken on increasing senior roles, acting as Chief Financial Officer for a number of public and private companies, primarily in the technology industry. He currently sits as a board member and audit committee chair for Legend Power Systems (TSXV: LPS), RMMI Inc. (CSE: RMMI) and Quisitive Technology Solutions, Inc. (TSXV: QUIS). From 2010 to 2017, he was board member and audit committee chair of Merus Labs International Inc. (TSX: MSL; NSDQ: MSLI), a specialty pharmaceutical company.

Mr. Guebert is a graduate of the University of Saskatchewan. He has served as a volunteer on the audit and finance committee of the Calgary Stampede and the board of the Calgary Olympic Development Association as well as various roles in hockey, baseball and his community. Mr. Guebert will devote 25% of his time to the Issuer.

Other Reporting Issuer Experience

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

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange</u>	<u>Position</u>	<u>Term</u>
Robert Pollock	MTC Growth Fund-I Inc.	N/A	Director	September 2006- October 2019
	Merus Labs International Inc.	TSX and NASDAQ	Director	December 2011 – July 2017

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange</u>	<u>Position</u>	<u>Term</u>
Pasquale DiCapo	POCML 4 Inc.	TSXV	Director	September 2017 - Present
	Firm Capital American Realty Partners Corp.	TSXV	Director	July 2016 - Present
	Neo Lithium Corp.	TSXV	Director	July 2014- July 2016
David Guebert	Mind Medicine (MindMed) Inc.	NEO	CFO	April 2020 – Present
	Discover Wellness Solutions	CSE	Director	June 2018 – April 2021
	Quisitive Technology Solutions Inc.	TSXV	Director	August 2018 - April 2021
	Legend Power Supply Inc.	TSXV	Director	February 2016 – April 2021
	Mount Logan Capital Corp.	NEO	CFO	August 2008 – October 2019
	Clarocity Corporation	TSXV	CFO	September 2016 – April 2019
	Merus Labs	TSX	Director	August 2008 – May 2017

The board of directors has an audit committee. The Corporation does not have any other committees.

The Audit Committee’s Charter

The responsibilities and duties of the Audit Committee are set out in the Audit Committee’s charter attached as Schedule A.

Composition of the Audit Committee

The Audit Committee consists of three members: Robert Pollock, Pasquale DiCapo and David Guebert. All members of the Audit Committee are “financially literate” for the purposes of National Instrument 52-110 – *Audit Committees (“NI 52-110”)* and Mr. DiCapo is an “independent” member. See above for Audit Committee member biographies of relevant education and experience.

Pre-Approval of Audit and Non-Audit Services by Independent Auditors

The Audit Committee pre-approves all audit services provided to the Corporation by its independent auditors. The Audit Committee’s policy regarding the pre-approval of non-audit services is that all such services shall be pre-approved by the Audit Committee. Prior to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors.

Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been accepted by the board of directors of the Corporation.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the Corporation's external auditor during the fiscal year ended December 31, 2020.

	Year Ended December 31, 2020
Audit Fees ⁽¹⁾	Nil
Audit Related Fees ⁽²⁾	Nil
Tax Fees ⁽³⁾	Nil
All Other Fees	Nil
Total	Nil

Notes:

- (1) Aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements.
- (2) Aggregate fees billed for professional services rendered by the auditor and consisted primarily of file quality review fees and fees for the review of quarterly financial statements and related documents.
- (3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

Exemption

The Corporation has not relied on any exemptions contemplated under National Instrument 51-110 – *Audit Committees*.

Corporate Cease Trade Orders or Bankruptcies

Other than as described below, no director, officer, Insider or promoter of the Issuer, or any shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer is or has within the 10 years before the date of the Prospectus been a director, officer, Insider or promoter of any other Issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became 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.

David Guebert

Mr. Guebert was the Chief Financial Officer of Times Three Wireless Inc. ("Times Three") from May 2004 to June 2015. On May 6, 2014, the Alberta Securities Commission issued a cease trade order against Times Three for failing to file required annual financial statements and related MD&A. Similar orders were issued by other commissions. None of the orders have been rescinded. On June 23, 2015, the Court of Queen's Bench of Alberta issued a bankruptcy order adjudging Times Three to be bankrupt.

Mr. Guebert was the Chief Financial Officer of Clarocity Inc. ("Clarocity") from September 2016 to April 2019. On May 6, 2019, the Alberta Securities Commission issued a cease trade order against Clarocity for failing to file required annual financial statements and related MD&A. Similar orders were issued by other commissions. None of the orders have been rescinded. On June 11, 2019, the Court of Queen's Bench of Alberta appointed a receiver and on July 19, 2019 the Court of Queen's Bench approved the sale of substantially all assets in settlement of claims from secured creditors.

Mr. Guebert was CFO of Marret Resource Corp. (predecessor to Mount Logan Capital Corp.) The Corporation applied to the TSX for the listing of new shares issuable in connection with a financing arrangement. The TSX advised the Corporation that it had determined to treat the arrangement as a

backdoor listing transaction. The Corporation decided to list its shares on the NEO exchange and delisted its shares from the TSX.

Penalties or Sanctions

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

Conflicts of Interest

There are potential conflicts of interest to which all of the directors, officers, Insiders and promoters of the Issuer may be subject to in connection with the operations of the Issuer. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses, including publicly traded corporations, which may be in competition with the search by the Issuer for businesses or assets in order to close a Qualifying Transaction. Certain directors are involved, from time to time, in consulting practices where client corporations may engage them to find assets that might be suitable as a potential candidate for a "Qualifying Transaction" for such corporation. Certain officers and directors are also currently directors of other publicly traded corporations that are or may in the future seek business or asset acquisition transactions. Situations may arise where a particular business opportunity is not presented to the Issuer, but rather to another corporation of which one of the directors or officers of the Issuer is also a director. Entrepreneurs and companies that are seeking to go public via a transaction with a publicly traded corporation may establish criteria that put the Issuer at a competitive disadvantage versus those other financing vehicles.

Accordingly, situations may arise where all of the directors, officers, Insiders and promoters will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Ontario).

EXECUTIVE COMPENSATION

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

- (a) grants of CPC Stock Options as described in "Options to Purchase Securities";
- (b) payment for and reimbursement of certain expenses as described in "Use of Proceeds – Permitted Use of Funds" and "Use of Proceeds – Prohibited Payments to Non-Arm's Length Parties"; and

- (c) finder's fees as described in "Use of Proceeds – Finder's Fees".

The directors and officers of the Issuer may be granted CPC Stock Options.

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

DILUTION

Purchasers of Common Shares under this Prospectus will suffer an immediate dilution of approximately \$0.07261 or 36.30%, assuming completion of the fully subscribed Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this Prospectus and from sales of securities prior to filing of this Prospectus, without deduction of commissions or related expenses incurred by the Issuer. Furthermore, where the Qualifying Transaction is financed by the issuance of shares from the Issuer's treasury, control of the Issuer may change and shareholders may suffer further dilution of their investment.

Item	Offering⁽¹⁾
Gross proceeds of prior share issuances	\$265,000.00
Gross proceeds of this Offering	\$200,000.00
Total gross proceeds after this Offering	\$465,000.00
Offering Price	\$0.20
Proceeds per share after this Offering	\$0.12739
Dilution per share to subscriber	\$0.07261
Percentage of dilution in relation to Offering Price	36.30%

Note:

(1) Assumes the Offering is fully subscribed.

RISK FACTORS

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

- (a) the Issuer was only recently incorporated, has not commenced commercial operations and has no assets other than cash and deferred offering costs. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of a Qualifying Transaction;
- (b) investment in the Common Shares offered by the Prospectus is highly speculative given the proposed nature of the Issuer's business and present stage of development;
- (c) the directors and officers of the Issuer will only devote a portion of their time to the business and affairs of the Issuer and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) purchasers of Common Shares under this Prospectus will suffer an immediate dilution of approximately \$0.07261 or 36.30%, assuming completion the Offering is fully subscribed;

- (e) there can be no assurance that an active and liquid market for the Issuer's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Issuer is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Issuer has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Issuer will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Issuer will be able to successfully complete the transaction;
- (i) 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;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Issuer of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Issuer will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained (if required) and certain preliminary reviews have been conducted. The Common Shares of the Issuer will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Issuer completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Issuer may be halted at other times for other reasons, including for failure by the Issuer to submit documents to the Exchange in the time periods required;
- (m) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (n) in the event that management of the Issuer resides outside of Canada or the Issuer identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (o) the Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Issuer and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Issuer;
- (p) if the Issuer does not make an election to be a "public corporation" for purposes of the *Income Tax Act* (Canada) adverse tax consequences may arise with respect to any Common Shares held in respect of registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

- (q) subject to prior acceptance by the Exchange, the Issuer may be permitted to loan or advance up to an aggregate of \$250,000 and 20% of its working capital to a target business without requiring shareholder approval and there can be no assurance that the Issuer will be able to recover that loan; and
- (r) the Issuer cannot be certain and provides no guarantee that, if a Qualifying Transaction is completed, the business acquired pursuant to the Qualifying Transaction will be profitable or ultimately benefit the Issuer and its shareholders. Neither the Exchange nor any securities regulatory authority passes on the merits of the proposed Qualifying Transaction. The Qualifying Transaction may also result in additional dilution to the Issuer's shareholders, increased debt or a change in control of the Issuer. Any failure to successfully integrate a business acquired pursuant to the Qualifying Transaction or a failure of such business to benefit the Issuer, could have a material adverse effect on the Resulting Issuer's business and results of operations.
- (s) While the outbreak of the COVID-19 pandemic has not caused disruptions to the Issuer's business, it may yet cause disruptions to the Issuer's business and operation plans. Such disruptions may result from (i) restrictions that governments and communities impose to address the COVID-19 global pandemic; (ii) restrictions that the Issuer and its contractors and subcontractors impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of contractors and subcontractors; (iv) interruption of services from third-parties upon which the Issuer relies; and/or (v) inability to raise capital due to the economic uncertainty caused by COVID-19. Further, it is presently not possible to predict the extent of durations of these disruptions. These disruptions may have a material adverse effect on the Issuer's business, financial condition and results of operations, which could be rapid and unexpected. These disruptions may severely impact the Issuer's ability to carry out its business plans.

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

LEGAL PROCEEDINGS

The Issuer is not currently or was since the beginning of the most recently completed financial year for which financial statements of the Issuer are included in the Prospectus, a party to any and any of its property is not or was not the subject of legal proceedings, nor is the Issuer currently contemplating any legal proceedings. Management of the Issuer is currently not aware of any legal proceedings contemplated against the Issuer.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers of the Issuer have acquired Common Shares of the Issuer in the seed capital phase of the Issuer. In addition, each of the directors and officers of the Issuer will be granted CPC Stock Options to purchase Common Shares pursuant to the Issuer's Option Plan. See "Principal Shareholders" and "Options to Purchase Securities".

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENT

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

RELATIONSHIP BETWEEN THE ISSUER AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Peterson McVicar LLP, on behalf of the Issuer, and by Minden Gross LLP on behalf of the Agent.

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

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Issuer is MNP LLP at 1500, 640 – 5th Avenue SW, Calgary, AB T2P 3G4. The transfer agent and registrar is Marrelli Trust Company Limited, at 1111 Melville Street, Suite 620, Vancouver, British Columbia, V6E 3V6.

MATERIAL CONTRACTS

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

1. Agency Agreement between the Issuer and the Agent. See “Plan of Distribution”.
2. CPC Escrow Agreement among the Issuer, Marrelli Trust Company Limited and those shareholders that executed such agreement. See “Escrowed Securities”.
3. Registrar and Transfer Agent Service Agreement dated March 29, 2021 between the Issuer and Marrelli Trust Company Limited.

Copies of these agreements will be available for inspection at the registered office of the Issuer located at 18 King Street East, Suite 902, Toronto, Ontario, M5C 1C4, during ordinary business hours while the securities offered by this Prospectus are in the course of distribution and for a period of 30 days thereafter.

DIVIDEND POLICY

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

ELIGIBILITY FOR RRSP INVESTMENT

In the opinion of Peterson McVicar LLP, counsel to the Issuer, based on the current provisions of the Income Tax Act (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) in force on the date hereof and any proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Common Shares will, at a particular time, be a “qualified investment” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered education savings plan (“**RESP**”), registered disability savings plan (“**RDSP**”) or tax-free savings account (“**TFSA**”) (collectively, “**Registered Plans**”) or a trust governed by a deferred profit sharing plan provided that at such particular time, (i) the Common Shares are listed on

a “designated stock exchange” for purposes of the Tax Act (which includes the Exchange), or (ii) the Issuer qualifies as a “public corporation” for purposes of the Tax Act.

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

Notwithstanding that the Common Shares may be qualified investments under the Tax Act for Registered Plans as described above, the holder of, or annuitant or subscriber under, a Registered Plan (the “**Controlling Individual**”) will be subject to a penalty tax in respect of the Common Shares held in a Registered Plan if such Common Shares are a “prohibited investment” for the particular Registered Plan. A Common Share generally will be a “prohibited investment” for a Registered Plan if the Controlling Individual does not deal at arm’s length (within the meaning of the Tax Act) with the Company or the Controlling Individual has a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Company. Notwithstanding the foregoing, the Common Shares generally will not be a “prohibited investment” for a Registered Plan if the Common Shares are “excluded property” as defined in subsection 207.01(1) of the Tax Act for a Registered Plan. Holders of a TFSA or RDSP, annuitants under an RRSP or RRIF, and subscribers of an RESP should consult their own tax advisors as to whether the Common Shares will be a “prohibited investment” in their particular circumstances.

Purchasers who intend to hold Common Shares in a Registered Plan or a trust governed by a deferred profit sharing plan should consult their own tax advisors in regard to the application of the Tax Act in their particular circumstances.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

CERTIFICATE OF THE ISSUER

Dated: May 21, 2021

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

(signed) "Robert Pollock"

Robert Pollock
President and Chief Executive Officer

(signed) "David Guebert"

David Guebert
Corporate Secretary and Chief Financial
Officer

ON BEHALF OF THE BOARD

(signed) "Pasquale DiCapo"

Pasquale DiCapo
Director

(signed) "David Guebert"

David Guebert
Director

CERTIFICATE OF THE AGENT

Dated: May 21, 2021

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

Haywood Securities Inc.

(signed) "*Mathieu Couillard*"

Mathieu Couillard
Managing Director, Investment Banking

SCHEDULE A

AUDIT COMMITTEE CHARTER

ESG CAPITAL 1 INC. AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of ESG Capital 1 Inc. (“**ESG**” or the “**Corporation**”).

1.0 Mandate

1.1 The Committee shall:

- (a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
- (b) assess the effectiveness of the Corporation’s risk management and compliance practices;
- (c) assess the independent auditor’s performance, qualifications and independence;
- (d) assess the performance of the Corporation’s internal audit function;
- (e) ensure the Corporation’s compliance with legal and regulatory requirements; and
- (f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

2.0 Composition and Membership

- 2.1 The Committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. If there are more than three directors of the Corporation, a majority of the members of the Committee shall not be an officer or employee of the Corporation. A majority of the members shall satisfy the applicable independence requirements, and all members shall satisfy the experience requirements, of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.
- 2.2 Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.
- 2.3 Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.
- 2.4 The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their

number. The Chairman shall not be a former executive Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management (“**Management**”).

- 2.5 The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:
- (a) a quorum for meetings shall be at least three members;
 - (b) the Committee shall meet at least quarterly;
 - (c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least twenty-four (24) hours in advance of such meeting;
 - (d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.
- 2.6 The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

3.0 Duties and Responsibilities

- 3.1 Oversight of the Independent Auditor
- (a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
 - (b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
 - (c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
 - (d) Obtain and review a report from the independent auditor at least annually regarding: the

independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.

- (e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- (f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- (g) Review, as necessary, policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

3.2 Financial Reporting

- (a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- (b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.
- (c) Review and discuss, with Management and the independent auditor, Management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on Management's assessment.
- (d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.
- (e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- (f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

- (g) Discuss with the independent auditor at least annually any “Management” or “internal control” letters issued or proposed to be issued by the independent auditor to the Corporation.
- (h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
- (i) Discuss with Management the Corporation's earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
- (k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- (l) Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation's internal controls.
- (m) Discuss with the Corporation's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

3.3 Oversight of Risk Management

- (a) Review and approve periodically Management's risk philosophy and risk management policies.
- (b) Review with Management at least annually reports demonstrating compliance with risk management policies.
- (c) Review with Management the quality and competence of Management appointed to administer risk management policies.
- (d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation's risk management practices together with Management's responses.
- (e) Discuss with Management at least annually the Corporation's major financial risk exposures

and the steps Management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

3.4 Oversight of Regulatory Compliance

- (a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- (c) Meet with the Corporation's regulators, according to applicable law.
- (d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

4.0 Funding for the Independent Auditor and Retention of Other Independent Advisors

- 4.1 The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at ESG's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

5.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

- 5.1 The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "Complaints Officer") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
- 5.2 The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
- 5.3 The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

- 5.4 Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
- 5.5 The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

6.0 Procedures for Approval of Non-Audit Services

- 6.1 The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions;
 - (g) human resources;
 - (h) broker or dealer, investment adviser or investment banking services;
 - (i) legal services;
 - (j) expert services unrelated to the audit; and
 - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
- 6.2 In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
- 6.3 The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.**Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

8.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding ESG that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee.

9.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: May 21, 2021

Approved by: Audit Committee

Board of Directors

SCHEDULE B

FINANCIAL STATEMENTS

ESG Capital 1 Inc.
Financial Statements

*For the period from March 8, 2021 (date of incorporation) to March 31, 2021
(Expressed in Canadian Dollars)*

Independent Auditor's Report

To the Board of Directors of ESG Capital 1 Inc.:

Opinion

We have audited the financial statements of ESG Capital 1 Inc. (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from March 8, 2021 (date of incorporation) to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the period from March 8, 2021 to March 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Calgary, Alberta
May •, 2021

Chartered Professional Accountants

ESG Capital 1 Inc.
Statement of Financial Position
(Expressed in Canadian Dollars)
As at March 31,

	Note		2021
Assets			
Current			
Cash	5	\$	264,940
Deferred financing costs			5,000
Total assets		\$	269,940
Liabilities & Shareholders' Equity			
Current Liabilities			
Accounts payable and accruals		\$	29,000
Total liabilities		\$	29,000
Shareholders' Equity			
Share capital	6	\$	265,000
Deficit			(24,060)
Total shareholders' equity			240,940
Total liabilities and shareholders' equity		\$	269,940

Subsequent event *(Note 10)*

Approved on behalf of the Board of Directors

 Director

 Director

ESG Capital 1 Inc.
Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

	Note	2021
Expenses		
Professional fees		\$ 24,060
Loss and comprehensive loss		\$ 24,060
Loss per share (Note 6)		
Basic and Diluted		\$ -
Weighted average number of shares outstanding	6	-

ESG Capital 1 Inc.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital (\$)	Deficit (\$)	Shareholders' Equity (\$)
At incorporation date March 8, 2021 (Note 6)	-	-	-
Issuance of common shares	265,000	-	265,000
Net loss and comprehensive loss	-	(24,060)	(24,060)
Balance at March 31, 2021	265,000	(24,060)	240,940

ESG Capital 1 Inc.
Statement of Cash Flows

(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

	Note		
Cash flows from operating activities:			
Net loss		\$	(24,060)
Change in non-cash working capital:			
Deferred financing costs			(5,000)
Accounts payable and accruals			29,000
Cash flows used in operating activities			(60)
Cash flows from financing activities:			
Proceeds from share issuance	6	\$	265,000
Cash flows provided by financing activities			265,000
Increase in cash			264,940
Cash beginning of period			-
Cash end of period			\$ 264,940

ESG Capital 1 Inc.

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

1. INCORPORATION AND NATURE OF OPERATIONS

ESG Capital 1 Inc. (the "Company") was incorporated on March 8, 2021 by Certificate of Incorporation issued pursuant to the provisions of the Business Incorporations Act (Ontario). The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Company is located at Suite 902, 18 King Street East, Toronto, ON, M5C 1C4.

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

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning March 8, 2021. These financial statements represent the Company's first presentation of the financial results and financial position under IFRS.

These financial statements were authorized for issue in accordance with a resolution of the directors on April 6, 2021.

Basis of measurement

These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Cash

Cash consists of the proceeds generated from share issuances which is included in a lawyer's trust account.

Deferred financing costs

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

ESG Capital 1 Inc.
Notes to Financial Statements
(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

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

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units. Diluted loss per share does not adjust the loss attributable to common shareholders on the weighted average number of common shares outstanding when the effect is antidilutive.

Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

Taxes

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

Current tax

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

Deferred tax

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

Financial Instruments

Classification and measurement of financial instruments

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

Amortized cost

The Company classifies its cash and accounts payable and accruals as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

ESG Capital 1 Inc.
Notes to Financial Statements
(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers. The Company does not currently have any financial assets subject to this approach.

Equity instruments

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Estimates

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

Fair value of financial instruments

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

Taxes

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

Judgements

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

Taxes

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

Financial instruments

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

ESG Capital 1 Inc.
Notes to Financial Statements
(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

5. CASH

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

6. SHARE CAPITAL

Authorized

Unlimited number of common shares.

Issued

Common Shares

	Number of Shares	\$
Issued at incorporation (i)	-	-
Issued at \$0.10 per share	2,650,000	265,000
As at March 31, 2021	2,650,000	265,000

- (i) One common share was issued on the date of incorporation at a price of \$0.05 which was subsequently cancelled prior to the private placement.

All common shares issued are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on the dates 6 months, 12 months and 18 months following the initial release. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organizations, 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 as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares of the Company as at the date of grant of such option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding Common Shares of the Company as at the date of grant of such option. As at March 31, 2021, no options have been granted.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Fair value

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

ESG Capital 1 Inc.

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

The carrying amount of cash and account payable and accruals approximates its fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as its cash balance is held in a lawyer's trust account with a reputable Canadian law firm.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As at March 31, 2021, the Company has cash of \$264,940 to satisfy obligations of \$29,000 as they come due, as such, is not exposed to significant liquidity risk.

Market risk

Market risk is the risk of loss that results from changes in market prices, market risk is comprised of foreign currency risk, interest rate risk and other price risks.

i. Currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

ii. Interest rate risk

The Company's cash is held in an account with a Canadian law firm and is non-interest bearing.

iii. Commodity risk

The Company is not exposed to commodity price risk.

8. TAXES

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

	2021
Loss before taxes	(24,060)
Statutory tax rate	26.5%
Expected tax recovery	(6,376)
Increase (decrease) resulting from:	
Deferred financing costs	(1,325)
Tax asset not recognised	7,701
Tax recovery	-

The Company has estimated gross deductible temporary differences related to non-capital loss carryforwards of approximately \$25,000 and deferred financing costs of \$4,000. The non-capital loss carryforwards will expire in 2041 if not utilized, subject to provisions of the Income Tax Act of Canada that may limit the Company's ability to utilize these losses.

ESG Capital 1 Inc.

Notes to Financial Statements

(Expressed in Canadian Dollars)

For the period from March 8, 2021 (date of incorporation) to March 31, 2021

9. CAPITAL MANAGEMENT

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

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

The Company is not subject to any externally or internally imposed capital requirements at period-end apart from the requirements of the Exchange.

10. SUBSEQUENT EVENT

The Company has applied to list its common shares on the TSX-V and is in the process of filing a prospectus with the intent of completing a public offering of 1,000,000 common shares at a price of \$0.20 per share (the "Offering"). The Company will enter into an agreement with Haywood Securities Inc. (the "Agent"), whereby the Company will pay a non-refundable corporate finance fee of \$10,000 plus applicable taxes, reimburse for Agent's expenditures related to the Offering, and commission equal to 7.5% of the total proceeds raised in the Offering. In addition, the Company will grant the Agent non-transferable options (the "Agent's Options") in an amount equal to 10% of the common shares issued pursuant to the Offering. The Agent's Options will be exercisable at a price of \$0.20 per common share and may be exercised for a period expiring 24 months for the date the Company's shares on the TSX-V. The completion of the listing and the offering are subject to the Company fulfilling and meeting the requirements of the TSX-V.

In conjunction with closing of the Offering, it is expected that the Company will grant 300,000 options under the Company's stock option plan to directors and officers of the Company. The options, which vest immediately, may be exercised at a price of \$0.20 per common share for a period of five years from the date of the agreement.