

PesoRama Inc. and Skyscape Capital Inc. Enter into Letter of Intent for Qualifying Transaction

Toronto, Ontario--(Newsfile Corp. - December 11, 2020) - **Skyscape Capital Inc.** (TSXV: SKY.P) ("**Skyscape**" or the "**Corporation**"), a capital pool company as defined under TSX Venture Exchange ("**TSXV**" or the "**Exchange**") Policy 2.4 - *Capital Pool Companies* ("**Policy 2.4**"), is pleased to announce it has entered into a letter of intent dated December 10, 2020 (the "**LOI**") with PesoRama Inc. ("**PesoRama**"), a private company incorporated under the *Canada Business Corporations Act*, whereby Skyscape and PesoRama will complete an arrangement, amalgamation, share exchange, or similar transaction to ultimately form the resulting issuer (the "**Resulting Issuer**") that will continue on the business of PesoRama (the "**Transaction**"), subject to the terms and conditions outlined below. Skyscape intends that the Transaction will constitute its Qualifying Transaction, as such term is defined in the policies of the Exchange. Following completion of the Transaction, the Resulting Issuer intends to list as a Tier 1 or 2 Industrial Issuer on the Exchange.

Skyscape and PesoRama previously signed an amalgamation agreement in 2019 which subsequently expired but the companies continued negotiations. During that time, Skyscape secured a proposal from Fundamental Private Markets ("**Fundamental**") of Mexico City to provide financing in connection with the Transaction culminating in the signing of the LOI.

PesoRama is a Mexican value single price point dollar store retailer. PesoRama launched operations in 2019 in Mexico City and the surrounding areas targeting high density, high traffic locations. PesoRama's stores offer consistent merchandise offerings which include items in the following categories: household wares, kitchenware, home cleaning products, home décor products, seasonal products, stationary, toys and games, arts and crafts materials, electronics, souvenirs, novelties, jewelry, clothing, footwear, headwear, costumes, personal care products, health and beauty, cosmetics, food, beverages, snacks, confectionary, pet food and pet accessories, hardware, garden tools and other general merchandise. To date, PesoRama has opened 11 stores and has signed leases for several more.

Fundamental is an investment company, incorporated under the laws of Mexico, that provides capital, managerial expertise and operational value to companies that focus on the growth and modernization of the Latin American consumer. Fundamental's investment team is a spin-out from Capital Group Private Markets - a pioneer in emerging markets private equity that has invested more than \$6 billion in over 90 companies since 1992 - with precedent investments that include landmark private equity transactions in Latin America, such as Arcos Dorados, Burger King Brasil, Koba Colombia ("**D1**"), Jumbo Retail Argentina and Magazine Luiza. The firm's main business premise is that the modernization of the Latin American consumer sector presents an attractive investment opportunity, and that a regional approach, specialized sector selection and focus, valuation discipline and operational value-add are essential for delivering good performance outcomes. Fundamental's team emphasizes deep research and fundamental analysis and believes that fundamentals drive long-term investment returns (hence, the name Fundamental Private Markets). Fundamental targets the large, growing markets of Mexico, Colombia and Brazil.

The terms and conditions outlined in the LOI are non-binding on the parties and the LOI is expected to be superseded by a definitive agreement (the "**Definitive Agreement**") to be negotiated between the parties. The LOI contemplates that prior to the closing of the Transaction, Skyscape and PesoRama will complete financings in conjunction with Fundamental and other investors for aggregate gross proceeds of \$19,250,000 and not less than \$9,250,000 (the "**Financings**").

On completion of the Transaction, the board of directors of the Resulting Issuer will consist of five directors, two of whom would be nominated by Fundamental, two of whom would be nominated by PesoRama and one of which would be nominated by Skyscape.

Pursuant to the Transaction, one common share of Skyscape will be issued in exchange for each one outstanding common share of PesoRama (the "**Exchange Ratio**"). As a result of the Transaction, any outstanding convertible securities of PesoRama will be adjusted accordingly or replacement securities issued in the Resulting Issuer.

There is no assurance that a Definitive Agreement will be successfully negotiated or entered into and there is no assurance that the Concurrent Financing will be completed.

As the Transaction is not a Non-Arm's Length Qualifying Transaction, Skyscape is not required to obtain shareholder approval for the Transaction.

In accordance with the policies of the TSXV, Skyscape's common share are currently suspended from trading and will remain so until such time as the TSXV determines, which, depending on the policies of the TSXV, may not occur until completion of the Transaction

Conditions to the Transaction

Completion of the Transaction will be subject to a number of conditions, including but not limited to, acceptance by the TSXV, completion of the Financings and other customary conditions including:

- receipt of all director, shareholder and requisite regulatory approvals relating to the negotiation and execution of a Definitive Agreement in respect of the Transaction and as may be contemplated by the Definitive Agreement; and
- preparation and filing of a filing statement (the "**Filing Statement**") outlining the definitive terms of the Transaction and describing the business to be conducted by Skyscape following completion of the Transaction, in accordance with the policies of the TSXV; and

Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Sponsorship

Skyscape intends to make an application for exemption from the sponsorship requirements of the TSXV in connection with the Transaction, however there is no assurance that the TSXV will exempt Skyscape from all or part of applicable sponsorship requirements.

Further Information

Skyscape will provide further details in respect of the Transaction and the Financings in due course by way of press release. However, Skyscape will make available to the TSXV, all information including financial information as required by the TSXV and will provide, in a press release to be disseminated at a later date, required disclosure.

All information contained in this press release with respect to PesoRama and Skyscape was supplied by the parties respectively, for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Investors are cautioned that, except as disclosed in the Filing Statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

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Forward-Looking Information

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this press release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this press release, forward-looking statements relate, among other things, to: the Transaction and certain terms and conditions thereof; the business of PesoRama, the Financings; the Exchange Ratio, TSXV sponsorship requirements and intended application for exemption therefrom; shareholder, director and regulatory approvals; and future press releases and disclosure. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; and the delay or failure to receive shareholder, director or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release. Except as required by law, Skyscape assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

Neither TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws, unless an exemption from such registration is available.

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